

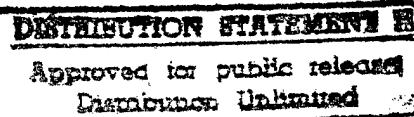
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2 February 1983

West Europe Report

No. 2096



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THEATRE FORCES

BELGIUM

SP'S TOBACK ON INF, U.S.-EUROPE RELATIONS IN NATO

Brussels KNACK in Dutch 22 Dec 82 pp 37-39

/Interview with Louis Tobback, member of Belgian SP Socialist Party by correspondent K.L.D.: "Louis Tobback about Europe and NATO"; date and place not given.

/Text/ Louis Tobback (SP) is one of the few Belgian politicians who is heavily involved with the problems connected with European peace and security. Although he is second to none with the traditional ideas that peace, for example, must be defended with weapons or that negotiations must be conducted from a strong position, still it would be difficult to say of him, that he expresses himself without knowledge of matters connected with these questions.

/Question/ The last 20 years the problem of armament and disarmament has always been expressed in terms of comparisons. So many missiles on the United States side, consequently also so much nuclear weaponry on the Soviet Union's side. Counting of units, it amounted to that. What is your position on this?

/Answer/ I believe, in fact, that one has seen the problem recently in terms of numbers; ratios of conventional, nuclear conventional and strategic numbers. That is the result of a sheer lack of political imaginative power. They are going to answer a number of tanks with a number of tanks, a number of missiles with a number of missiles, usually because they do not see how they can get out of the military spiral and wind up on a more political level. That is my first observation. A second observation in this respect is that total amounts are becoming the bigger, the more false and meaningless. I will just illustrate that. I often ask the question, if it is only for the sake of argument, that if there now are 350 SS-20 missiles aimed at me and I, France, have only a submarine somewhere in the Indian Ocean, but one missile on board, is Moscow then wiped off the map or not? The answer is naturally yes, for there exists

no system which would be able, even if one wants to pay for it, to bring down that one French ICBM, and to prevent it from reaching Moscow. Consequently if a demonstration is necessary of the fact that totals are completely meaningless, then you have it here to the point of absurdity. Those are the two observations which bring me to say that the problem must be approached politically, and not in terms of so-called balances.

Question 7 Do you believe that the western side continuously and intentionally misrepresents this balance?

Answer 7 Yes, for what are we talking about? If we are talking about NATO against the Warsaw Pact, then there is not any problem of balance. Then I would say that NATO has a clear superiority over the East Bloc. However, they try to say to us continually: no, it is really the balance between the Soviet Union and Western Europe which must be considered. If we do that we are working completely at falsification. If we do not regard NATO as a whole, why are we still in NATO? An imbalance between the two blocs, is an imbalance between the Soviet Union on the one hand and the United States and Western Europe on the other hand. If a balance only had to exist between the Soviet Union and Western Europe, then the Soviet Union would be inferior to the United States in all respects. The Europe-Russia comparison is therefore a completely senseless comparison.

Question 7 Can "military strength" really be estimated on paper?

Answer 7 There is a surplus in military security, which in practice means that I, in order to be sure that I am stronger than the opponent, must have much more. The fact is that I cannot allow myself to set out to test that once. That leads in its turn to the idea that I must have more, especially before I go to sit at the negotiation table. That is precisely the endless spiral which we have fallen into. However, I believe that in this period no more security is possible against each other. A genuine security policy is only possible with each other. I want also to explain that. One could create a relative security against Attila and the Huns by arming troops and by sufficient reinforcements. We cannot do that any longer against the Soviets. Attila and his hordes could be checked with walls and spears, but a SS-20 cannot be stopped any longer. No protection exists against it. The only protection against an SS-20 missile is to see that the other side does not fire it. Once it has left, it is done. All the other weaponry we have has then become meaningless.

Question 7 Is deterrence then not an essential factor in our western security policy?

Answer7 Indeed, but deterrence is not a military concept, and it is accordingly there that we must seek the solution. In the expectation that we go back to live in an earthly paradise, we must try to achieve that political concept with a minimum cost. Consequently we would have to do that on a much lower level. I do not think that we will succeed in the next 10 years in breaking up the two blocs and returning to a sort of Arcadia. During the coming years enough suspicion will remain, so that both sides will need weapons. That is the precise challenge in connection with the armaments race: how will we manage to create deterrence on a lower level? That can only be with each other, through negotiations. It is absolutely foolish, and foolish is the right word, to go sit at the table with an attitude of: "I can only come and negotiate if I know that I am at least just as strong as you."

Question7 There is naturally also the option of making our striking power so strong that with an opening move, a "first strike," we could wipe out the enemy completely?

Answer7 I do not believe that anybody on either of the two sides is stupid enough to believe in a first strike capability. That is probably the great myth of our time, somewhat like the alchemists in the middle ages, who wanted to make gold. The idea of the first strike is so unrealistic. A first strike does not exist. The chance for that is consequently zero. If I was one of the Soviets and I could eliminate all American MX missiles in one blow, then I still would have an American submarine somewhere against me to fire a Trident missile. One is enough to reduce Moscow to ashes. Consequently the question is not, and that indicates the degree of irrationality, have I a first strike capability, but how much loss can I accept? It is a criminal reasoning. How much loss do I accept, knowing that the loss amounts to millions.

Question7 It is typical that at the negotiations which were held in recent years, removing a little bit of the armament was always discussed, and never acquiring a little bit of peace. Is peace something different than the nonexistence of war?

Answer7 That is indeed right, and an example of that are the Confidence Building Measures which are a part of the Helsinki Accords, but from which nothing has come until now. Thus MBFR /Mutual and balanced forces reductions/ also would be able to lead to considerable reductions on the conventional level. Until now, they only sit there counting soldiers. They have not talked much about weapons systems and the like. A great deal of time is lost there with stupid questions. That is wrong. In every negotiation someone must be ready to take risks, consequently to make

concessions. That is not happening. I also consider it a mistake that the negotiations which are being conducted in Vienna are dominated in much too great an extent by the United States. I have nothing at all against the United States, but the situation in western and central Europe is a matter for Europeans.

Question Still many people are glad that the United States is here with about 300,000 men.

Answer Yes and certainly the FRG is glad that the United States offers its presence as a sort of guarantee. It is naturally also a question to what extent the United States itself will be glad to remain there. A large vox populi still exists there, which is isolationist in its thinking. However, their presence is also the confirmation of their status of a big power. If they would no longer be here, then the United States would no longer be a great power. I do not know what that status is worth to it, but to make that equally clear, we should not be so dependent on 300,000 Americans in Europe, then perhaps we also no longer would have to submit so helplessly to the abolition of the Bretton Woods system. One depends on the other and the United States knows that. They are not offering any philanthropy, they are practicing power politics. Consequently those 300,000 men are part of their power politics. Whoever cannot approach that with a cool head, is not involved in politics, but in sentiment. Even the present negotiations in Geneva are a good example of that. They are now discussing at this moment in Geneva the future of our children and grandchildren and we are not included even once. We are more numerous in Europe than the Americans, we have a greater industrial potential, it involves our territory and we do not sit together at the table, not once. We are briefed now and then and that is all. That is completely frustrating and humiliating. I have not said with this that the Soviets are well intentioned. I find out that proposals are made there mutually and that none of these proposals are taken seriously. Accordingly there exists no will to force a breakthrough in Vienna and Geneva. The fact that the fault of the Russians in that is great is certain, but the fault of the United States is at least just as great.

Question And European initiatives, cannot they change anything?

Answer Well, perhaps a European security conference which then must come from Madrid. I would suppose that is so. At this moment they are at a dead end in Vienna and Geneva. In Madrid there is still a spark of hope. Madrid can still provide an agreement for a European Security Conference. But if the United States and the Soviet Union again participate in such a conference, then we will again be at a dead end, in the shortest possible time. If a possible European security conference cannot

proceed with the emphasis on a European security interest, even a farmer on his horse must feel that it is meaningless. Look at Madrid, with the story of Poland, reprehensible as it is. Everything is now blocked in that direction and we get very excited about it. But, according to Yalta, Poland belongs to the East bloc, even Luns says that. Human rights in Poland, good indeed, but if anyone then should ask Tindeman, Mr Minister, are you not bored with people like Kengo Wa Dondo? Then he will say perhaps: "Yes, but we must observe, if we are only allowed to shake hands with those who respect human rights in the world, then in the long run we may not speak with anyone any longer." You see, in the case of Zaire they are suddenly very relative, but in the case of Poland the standpoint is based on principle. What does that mean? You see, both as regards Zaire as well as Poland, we follow American policy. We scream very loudly about Poland because the State Department asks us to scream very loudly about Poland, and we are cautious about Zaire because the State Department asks us to be very cautious about Zaire and to assume our responsibility. And are human rights respected better in Turkey than in Poland? What if the Russians blocked everything for that reason? That is the only goal of the Reagan administration to oppose a European security conference under any pretext whatsoever. Consequently, organizing a European security conference with even one American at the table, makes no sense. We can think of 20 forums in which we can waste our time and energy needlessly.

Question / What then is your strategy to get out of this dilemma?

Answer / The matter must be considered politically and that means that Europe must be aware of what its own interests are to a much greater extent. How you line that up is a second concern. The first concern must be to clearly see the power structure of the two superpowers. We border on those two great powers and therefore they are a threat. We must protect ourselves against the Soviet Union and against the United States. Only they did not have to be so great, I would say. The Russian, Georgiy Arbatov, once asked a Dutch journalist what would have happened if the Soviet Union had not become a Soviet state? If Russia had proceeded to a certain degree of democratization in 1917, for example, a constitutional democracy, on the Japanese model? Would we then not have had a war between the great powers for a long time? The threat because the Soviet Union is a communist state, is not real. The Soviet Union is a threat for the United States because it is a great power, which wants to develop a sphere of influence. The United States is just as threatening for Mexico, as the Soviet Union is for us. Since the beginning of this century, the United States has intervened in Central America 41 times, not to speak of South America. But it is not wrong to lean on one of the two great powers to keep the other in check.

In that sense, I am a strong supporter of NATO. However, it certainly is a mistake to subscribe completely and to accept unconditionally the obsessions of the great powers about each other. Then we stand behind every stupidity which they can think up in Washington, without any form of criticism or restraint. We are, as it were, the best student in the class and we bring an apple to the teacher. This is completely stupid. An independent European attitude, and that is still somewhat different than our own defense community, must contain our own European reaction. Consequently Europe must not become a third or fourth great power with its own defense system and even more weapons arsenals. It must conduct a policy which consists of a well understood exchange of interests. For that matter, in case of a conflict, they need us too much for our ports. If it then cannot take place from partner to partner, that is a completely reprehensible relationship.

Question And the French?

Answer That is naturally a solution which Belgium and the FRG cannot allow themselves. But still it is not a bad solution. The reason why the French have no peace movement, for example, is because they feel independent. The French feel that they are their own boss and consequently they do not have any internal opposition. They support defense efforts with all the more willingness, because according to them, such a thing will maintain their independence. We are continually asked to pay for a policy which is not our own.

Question Was it decided to station cruise and Pershing missiles, like at the latest NATO summit meeting?

Answer It now appears very obvious, and Minister Vreven even admitted on 8 December, that Belgium itself already has paid for the infrastructure works. However, the minister could not say precisely how much that was, according to him, that amount changes every day. Another observation in this respect is that NATO is accepting once again a Soviet proposal to now halve the number of SS-20 missiles. Nevertheless that is a great concession, do not forget that within a few years the French will have more than 600 nuclear warheads aimed at the Soviet Union. By making this proposal, the Russians are accepting, in other words, an inferiority with respect to the West. If that cannot be seriously discussed, in my opinion, they are insincere.

Question Schmidt and Mitterrand are willing, are they not?

Answer Yes, but once again they are not at the negotiation table. That is the eternal dilemma. Europe may not discuss its own future.

THEATER FORCES

FEDERAL REPUBLIC OF GERMANY

PEACE MOVEMENT OPPOSITION TO INF DEPLOYMENT DISCUSSED

West Berlin DIE TAGESZEITUNG in German 14 Dec 82 p 13

[Article by Martina Fischer: "Central Task or Minimal Consensus. Three Years Since NATO Double Decision and Still No Plan Against Deployment"]

[Text] Although official negotiations still continue with next fall set as the target date for the deployment of "rearmament" weapons in the Federal Republic, so-called "technical preparations" are moving along briskly: at U.S. air bases in the Eifel and Hunsrueck hill country and in the Palatinate for 96 cruise missiles, with construction expected to start in early 1983. Existing bunkers and installations, now in use for Pershing I missiles, are to be modernized to accommodate the 108 Pershing II missiles. Similar construction efforts have long been underway in Britain and Italy. Recognizing that preparations for on-site resistance and blockade efforts have to be undertaken now and not allowed to be put off until later in the coming year, the "non-violent action groups" in particular have been seeking for some time to assert themselves within the peace movement. The result has been the massive mobilization effort called for by the participants in this past summer's blockade at Grossengstingen which would lead to nation-wide actions against military installations. This has seen a constructive cooperative effort on the part of non-violent action groups with church-supported peace movements such as Pax Christi and "Ohne Ruestung Leben" (life Without Armaments). Nonetheless, there is a division of labor which is characteristic of the present strategy of the peace movement in this country.

The non-violent action groups and autonomous peace initiatives have provided imagination, creativity and civil disobedience efforts in the form of passive resistance actions, while the Aktion Suednezeichen (Sign of Atonement Action) and the German Peace Society/United Conscientious Objectors (DFG/VK) have concentrated primarily on the campaign to create "nuclear-free zones" in regions and municipalities, with those groups affiliated with the "Committee for Disarmament and Cooperation" (KOFAZ) dominating the national meetings of the peace movement and undertaking the organizational efforts and the collection of signatures in an effort to prevent these weapons from being deployed; all of these efforts being aided by the mass support of the Krefeld Appeal.

The Rank-and-File Arm of the Peace Movement

This division of labor had already come under criticism at the Cologne Peace Action Conference on 9/10 October which, despite all efforts to reach a common position, was marked by disagreements between two disparate currents of thought

reflecting the present state of the peace movement. The first current is comprised of those groups which concentrate their entire range of activity on so-called "grass-roots actions," namely the mass distribution and gathering of signatures for the "Krefeld Appeal" and who demand its thoroughgoing application. In concrete terms, it appears that the Krefeld Appeal initiatives have meanwhile become linked to the symbolic campaign for the creation of nuclear-free zones undertaken jointly by the DFG/VK and the Aktion Sühnezeichen. Vacant lots, streets and entire rural counties have already been declared "nuclear-free zones" through motions passed by local legislative bodies following local grass-roots campaigns which succeeded in gathering the requisite petition signatures. This campaign was also a main focus of many local peace weeks organized last November by numerous Protestant and Catholic peace initiatives.

The second current in the discussion within the peace movement is made up of the numerous citizens' initiatives and non-violent action groups. Their interest is concentrated more strongly upon limiting the growth of nuclear and other (including that not associated with the "re"-armament) arms programs; their strategies include civil disobedience and boycott actions, direct non-violent actions including strikes; they view the Krefeld Appeal as an important but insufficient means for the broadening of future horizons.

Such actions as the one planned last Sunday at the Cologne conference by members of the KOFAZ alignment, while viewed with some degree of sympathy, are generally regarded with scepticism. This group has frequently been reproached for seeking to dominate national conferences which then, as was the case at Cologne, are often devastated by ideological trench warfare, hampering constructive strategic debate and vital decisions. The old conflict between supporters of the Krefeld Appeal and proponents of the Russell Peace Foundation has recently had fuel added to its fire by the position taken by Rudolf Bahro and his followers among the Greens, supporting an East-West peace movement. This group is said to aim at a clear differentiation from the policies contained in the Krefeld Appeal (which in turn has made the security interests of the USSR a main concern of the entire peace movement).

East-West confrontation is seen as the primary risk leading to the threat of war and the group's criticism is so unilaterally directed against the Soviet Union that it tends to offer support to roll-back strategists and opponents of detente. In the final analysis, this attitude can lead to a split in the peace movement and the final abandonment of the much sought after "minimal consensus" of the entire struggle against the arms buildup.

The peace movement's previous successes, however, can be traced precisely to its non-partisan alliance character and it is with the maintenance of this precondition that the ideological discussion should be intensified within the movement. To maintain this unity it is necessary that the various forms of action should not confront each other in controversy but instead supplement each other. The movement is in agreement on at least one point--that the conditions for resistance have changed.

The Spectrum is Expanding

There is common ground to be found in the peace movement with the assessment that the SPD has been thrust into an offensive role as a result of the change

of government and that this position should be exploited by closer integration of Social Democrats into the movement and closer cooperation with the trade unions, for which task, however, no one apart from the KOFAZ groups has yet come up with an appropriate concept.

On the other hand, there also exists the evident danger that the peace movement might be co-opted by the Social Democrats. This fear is most clearly manifested in the current preparations for the "Second European Peace Conference" scheduled for May 1983. This congress, under the auspices of supporters of the Russell Peace Appeal and whose planning in West Germany has been largely undertaken by the Berlin-based "Working Group for a Nuclear Arms-Free Europe," is so controversial that broad elements of the peace movement have not yet made up their minds as to whether they will participate or not. Thus the West Berlin Peace Coordination, sections of the Greens and the Berlin Alternative List, as well as the non-violent action groups have criticized the fact that East-West confrontation and neutrality are to be the central discussion themes of the congress, while too little attention is to be paid to the prevention of the armaments buildup. In some sectors of the peace movement there is also the fear that the "German question" will be raised and leave its impress on the congress or that the report of the Palme Commission for the creation of a nuclear arms-free Europe will achieve too great significance. For many, it appears doubtful whether a discussion forum which ascribes a central position to the planned deployment [of intermediate range missiles] just before this is about to become a fact, instead of structuring the controversies in the format of such a political issue, can offer any positive impulses for today's peace policy. The issue really is whether the peace movement can move on to a constructive debate about what will actually be taking place once rearmament becomes a fact.

Another action conference of the West German peace movement, convened by the BBU, DFG/VK and the Aktion Sühnezeichen, is to take place on 19 and 20 March 1983, as resolved last October at Cologne. Demonstrations are scheduled for 8 March. Easter Marches in early April and, on 17 June, the congress "Youth Against Military Service" of the DFG/VK and peace camps for permanent barri-cading of nuclear deployment bases are planned for the summer of 1983.

In addition, various women's initiatives have been issuing calls for nation-wide demonstrations in the event that political decisions for recruitment of women into the Bundeswehr should be passed. It has been largely women from the women's peace movement who have demonstrated positive steps toward cooperative effort beyond ideological guerrilla skirmishing--at least in northern Germany there is a pattern of broad-based regional cooperation within such politically varied movements as "Women in the Bundeswehr? We Say No!" and anti-militarist women's groups from the autonomous women's movement.

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THEATER FORCES

FRANCE

DETERRENT POLICY SEEN AS CAUSING 'ISOLATION,' 'NUCLEAR TOLERANCE'

Zurich NEUE ZUERCHER ZEITUNG in German 8 Jan 83 p 5

[Article by Ch.M.: "France's Shaky Nuclear Triad"]

[Text] Ever since de Gaulle's France pulled out of NATO military integration and ever since the buildup of an independent nuclear deterrent force, the French defense structure has been based on the doctrinaire claim of being able to oppose the potential aggressor with the full weapon type arsenal and defense spectrum of a superpower, although in the form of "deterrence by the weak of the strong" with a rather reduced volume. The pocket edition of this apocalyptic threat was compiled as a result of an enormous financial effort--Fr222 billion during the first 20 nuclear decades--along with the simultaneous maintenance of a conventional defense instrument which to be sure numerically was reduced by about one half after the war in Algeria but which with respect to the equipment was at least in part energetically and expensively modernized. The qualitative superpower ambition however here increasingly clashed with the reality of France's limited finances although France tried to continue to avoid the dilemma of a big choice between nuclear or conventional defense. A money shortage which, in view of the necessary nuclear and conventional modernization programs, appeared almost dramatic, along with simultaneously considerably deteriorating economic conditions, are now forcing France, especially under socialist President Mitterrand--who, like the communists, suspended opposition against de Gaulle's nuclear concept only during the 1970's--into an almost "super-Gaullistic" concentration of dwindling resources upon nuclear armament while having to accept a further decline in the conventional defensive power.

Against NATO "Denuclearization"

This tendency toward a pragmatic return to an awareness of de Gaulle's "pure theory" is running diametrically counter to NATO efforts to raise the "atomic threshold" by developing and supplying higher-performance conventional weapons systems. From the strategy angle, it contains the danger of a renewed major dissociation if not entirely neutralistically hued isolation on the part of France--something which especially the Gaullists, such as former General Gallois, the co-creator of the French nuclear strike force, but also French communists welcome and seek to promote for various reasons. France's seemingly still relatively favorable geostrategic location behind the "alliance buffer"

of the FRG as well as the equating of national independence with nuclear defense capability, which is accepted by the entire political spectrum, are creating a climate of a "nuclear tolerance" among the population which is hardly imaginable elsewhere in Europe. Because Paris is obviously counting on the continuation of this mood as something that is almost natural and therefore is now planning to place greater emphasis on the comparatively "cheaper" nuclear deterrent, we inevitably run into the following question: How effective and credible is this one element of French defense today and what will its condition be in the future if France's security is to depend on it even more so than has been the case so far?

The French nuclear potential is subdivided into a strategic and a tactical component in which all three services participate. The "strategic nuclear force" is made up of a conventional triad of land-based, airborne, and sea-based weapons systems, while the tactical element consists of fighter-bombers of the Air Force and naval aircraft as well as Army ground-to-ground missiles. Neptune has more and more to say in this strategic "triad": Because of the decreasing effectiveness of land-based and airborne nuclear delivery vehicles--which is due to excessive age or growing exposure--responsibility for a still credible deterrence rests increasingly on the missile-carrying nuclear submarines of the FOST (Strategic Naval Force). The five missile-launching nuclear submarines, commanded by an admiral in Houilles near Paris and operating from the Ile-Longue base near Brest, are equipped, each, with 16 M-20 missiles which carry a TN-61 Megaton warhead and have a range of 3,000 kilometers. A sixth submarine now under construction, "L'Inflexible," represents a new class and is to be commissioned in 1985 with 16 M-4 missiles. Between 1985 and 1992, ""Le Terrible," "Le Foudroyant," "L'Indomptable," and "Le Tonnant" are successively to be converted to this three-stage missile with a range of 4,000 kilometers and with six 150-kiloton multiple warheads, each; in this way it would be possible considerably to increase the nuclear second-strike capacity. Mitterrand furthermore rather delicately from the very beginning of his 7-year term proclaimed the planned construction of a seventh nuclear missile submarine which, according to the current project status, however would seem to be ready for operation hardly before the middle of the 1990's and which accordingly will merely represent the sixth unit in the FOST. The operational time of the oldest submarine, "Le Redoutable," is already drawing toward its end; it is no longer to be converted for carrying the M-4 missiles.

Missile Submarines Favored

The modern technology of the M-4 missile, compared to the M-20 missile, facilitates launch in faster sequence and from greater depths. The impressive modernization effort basically represents a financially very difficult effort to catch up with the technical level of the superpowers. The development of the next missile, the M-5, has already been delayed, while a satellite reconnaissance program has been dropped and a satellite navigation system is simply missing. The increase in the precision and penetration of the nuclear submarine arm will accordingly be kept within limits. France accepts that as part of the bargain under the doctrine of "massive retaliation!" Another thing that is coming in rather late is the effort to secure the command transmission system which, according to plan, is to be installed on four Transall

aircraft prior to 1987; this is the Astarte (aircraft relay station for special signals) system which is supposed to be able to withstand the electromagnetic impulse from nuclear explosions. By means of a series of relatively expensive instant measures, a rule will be introduced starting in 1983 to the effect that three instead of the past two or three missile-launching nuclear submarines are constantly to be on operational patrol. This looks like a rather problematical maximum utilization of the available capacity. In view of this shortage and in view of the invulnerability of the strategic nuclear missile-launching submarines, which probably at the same time will continue to exist for the foreseeable future, a demand has on occasion been injected into the debate, calling for the construction of as many as 15 missile-launching nuclear submarines. According to Gallois, who is extremely skeptical regarding the determination on the part of the average Frenchman to put up a conventional defense, the future of France's defense rests almost exclusively in a nuclear fashion under water. Even if the FOST should continue to be favored in terms of budget allocations--the expenditure increase for it in 1983 is 26.2 percent, while the increase in the defense budget as a whole has practically stagnated on the level of inflation with a figure of 8.4 percent--there will however hardly ever be more than six missile-launching nuclear submarines. For their operations, those submarines still require a conventional navy with ASW vessels and aircraft as "protective environment" and a recruiting reservoir for their elite crews of 135 men, of which, each time, two--a "blue" and a "red" crew--relieve each other for a duty tour of 90 days.

Although the FOST represents the credible element of nuclear deterrence, relying only on this point of the triad would run counter to the aspect of strategic caution. By the way, rivalry among the services in France likewise guarantees that the Air Force appears as the jealous guardian of the other two "points" of the strategic triad. They are formed by the 37 Mirage IV-A which are organized in two fighter-bomber wings with a total of six squadrons and which carry the AN-22 bomb that contains more than 60 kilotons of explosives and which can be refueled inflight by C-135F tankers, as well as by the 18 S-3 medium-range missiles of the 1st GMS (Strategic Missile Group) stored in silos on the Albion Plateau. Both of them are under the commanding general of the FAS (Strategic Air Force) in Taverny near Paris. The Mirage IV-A aircraft represent the oldest element of the nuclear triad and date back to the 1960's. In spite of repeated modernization, they have in the meantime begun to suffer from an over-age condition and from wear and tear after conversion to the low-flying method. Their penetration capability against targets in the European part of Russia has dwindled rapidly--Gallois, the critic, evaluates the deterrent role of this nuclear component--which is touted as being flexible because it is the only one that can be "recalled"--as being even less than that of the S-3 missiles which are equipped with a megaton warhead and have a range of 3,000 kilometers, with which--after additional "hardening"--the second firing unit of nine missiles of the 1st GMS was equipped a short time ago likewise. There is no provision for replacing the Mirage VI-A--whose operational time is supposed to run out finally in 1985--with another aircraft. Instead, an effort is being made to solve this problem through a renewed "lifetime extension" for one wing of 15 aircraft which supposedly would be equipped with the planned new ASMP (medium-range air-to-ground) missile.

Waiting for the SX

This standoff missile, equipped with a 300-kiloton warhead, which, depending on a lower or higher firing height, is supposed to reach a range of 100-300 kilometers, will be ready for operation at the earliest starting in the middle of the 1980's and is earmarked, starting in 1987, also for the nuclear penetration version of the Mirage 2000 and as replacement for the AN-52 bomb of the Super-Etandard of the Naval Air Arm. Although the actual development status of the ASMP as of now still seems somewhat vague, it is supposed to play a somewhat important role above all in the area of tactical nuclear weapons. The last Mirage IV-A aircraft will be taken out of the inventory as delivery vehicles during the first half of the 1990's and they cannot be replaced for strategic missions by the Mirage 2000N because of their insufficient range. This instead is supposed to be the job for a future mobile medium-range missile which is to be called SX. In spite of an officially not denied development target date likewise during the 1990's, this project--so to speak, France's reply to the Soviet SS-20--threatens to fail due to financial hurdles, the way things look now. The fact that even Gallois himself is already pleading for the politically hardly feasible adoption of the American Pershing-II missiles--of course without warhead and thus with preservation of exclusively French operational employment sovereignty--symptomatically points to the collapse of one of the three pillars of France's nuclear triad which is possible still before the end of the century.

The future outlook for the 18 S-3 medium-range missiles on the Albion Plateau basically would seem to have hardly any better chances; there, a comprehensive modernization program has now been completed, featuring the replacement of the S-2 missiles and extensive "hardening." According to official calculations, it would take as much as 20 Megatons to wipe out the current deployment on a surface area of 36,000 hectares. But, as the accuracy of Soviet missiles is improved, along with the simultaneously possible decrease in the necessary nuclear annihilation tonnage, the vulnerability to a "surgical strike" by the Soviet Union which can be carried out without any major radiation contamination goes up--in spite of all official protestations to the country. The mobile SX missile here again would be obvious as a follow-on solution that will soon be necessary. The uncertainty regarding its practical implementation chances --which in France oddly enough has not yet triggered a debate, such as the one in America on the "window of vulnerability" and the MX basing mode--even today entices skeptics into the judgment that the significance of the S-3 is far greater as a political bargaining chip to illustrate France's readiness for massive nuclear defense than its military value. This French "window" so far at any rate is "closed" merely in a politically-symbolic fashion by the constant repetition of the doctrine of massive retaliation which is accepted in Paris, quite in contrast to NATO, which means that, as far as the French public is concerned, with just a few exceptions, the credibility problem of France's nuclear triad seems to have been cleared up--although that problem keeps growing for technical reasons. Consolation at any rate can still be obtained from the assurance that France can continue to threaten sufficient retaliatory damage even with its current nuclear potential which is quantitatively limited to that which is absolutely necessary and which is now also declining partly in qualitative terms. The concentration on missile-launching

nuclear submarines likewise would seem, for a longer period of time, to make it possible to shroud the entire problem complex in fog; that concentration has been branded as "Maginot mentality" by a few critics who made reference to conceivable improvements in ASW operations.

Hades and Neutron Weapon as Program Points

As for the rest, we still have the "tactical nuclear force" where a modernization dynamic is at this time being eagerly documented especially with the replacement of the Pluton rockets in five Army artillery regiments with the Hades, something which is officially planned, starting in 1991. Two Mirage-III-E squadrons and three Jaguar-A squadrons, with AN-52 25-kiloton bombs of the Tactical Air Force, as well as two Super-Etandard Naval Air Squadrons characterize the airborne component of the tactical nuclear weapons element, whereby one can expect the equipment now with the Air Force to be too old and where the solution of the still considerable financial and engineering problems with the Mirage 2000 N remains yet to be seen. Against the background of the "all-or-nothing" doctrine involved in massive retaliation, the operational theory for France's tactical nuclear weapons often appeared somewhat unclear. Official circles furthermore continue to argue that they are necessarily intended to sound a final warning prior to the launch of the strategic retaliatory blow but under no circumstances a "flexible response" in a protracted, gradually escalating nuclear conflict, for which France does not have the arsenal to begin with. It seems that there is once again an effort being made to achieve a closer tie-in of the tactical nuclear deployment into the strategic concept: The 42 Pluton [missiles], with a maximum range of 120 kilometers, are still under the corps commanders, while the Hades with a range of 350 kilometers, obviously are to be placed directly under the chief of staff of the armed forces. Much political capital is currently being made out of their increased range with a view to the FRG because the Hades missiles could directly hit Warsaw Pact areas from the presently exposed Pluton operational areas in eastern France. The more meaningful rear deployment of the Hades, with comparable alliance-policy consequences, will probably continue as it is now, also because of lacking target acquisition capacity. But this in the meantime is a discussion topic just as little as the neutron weapon which the French military establishment is energetically demanding to strengthen tactical nuclear defense. The official position is that one should do everything possible in order at any time to be able to make a production decision. According to a by no means unjustified view, consideration for the communists, who are in the administration, rather than thecnology, would be the reason for the fact that it has been decided to wait with the proclamation of this step. But even with the neutron weapon it would by far be impossible to remove all doubts as to the French nuclear deployment which is impressive although it does also reveal the limitations of such an independent performance by a medium-sized power.

5058
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THEATER FORCES

NORWAY

SECURITY AFFAIRS SCHOLAR VIEWS LABOR PARTY, INF STAND

Oslo AFTENPOSTEN in Norwegian 11 Jan 83 p 2

[Commentary by Nils Orvik: "Desertion--Back to Neutrality"]

[Text] After the mass attack by the socialist parties against the government on the missile issue, motions for no confidence votes and agitation in the press and other media, it is necessary to look closer at the backsliding which the Labor Party now represents in Norwegian security policy. The assertion that postponement does not mean refusal lacks credibility. It is a purely tactical maneuver without basis in reality.

The point is that the Labor Party has created doubt as to whether it will hold to an agreement that it signed long ago, and that it now wants to postpone. The party is clearly distancing itself from participation in NATO cooperation, which previously was its basic position. The Norwegian Labor Party has also gone outside the national structure and indirectly influenced the Danish Social Democratic Party to go against the appropriation for the missile bases. The Danish attack succeeded while the Willoch government, with a one-vote majority, prevented the Labor Party proposal from being approved in the Storting.

Cooperation between the two socialist parties and the scanty majority on the Norwegian side was closely observed abroad. It is now fully recognized that in the relationship of the Scandinavian alliance partners toward the missile bases, the Norwegian Labor Party is the "spearhead," and a strong active reason why Denmark now has laid itself across the line which all other NATO countries agreed to follow on this issue. Since Norway's largest political party forms the spearhead in working against defense actions which all the other NATO countries find necessary, alliance members are now clear about what must be expected if the Norwegian Labor Party should again win governing power.

It is of widespread concern that the Danish resolution and the Norwegian "near miss" mark the beginning of desertion from reality in NATO cooperation, back to the hazy neutrality policy which is the current goal for most European socialist movements. ("Tiptoeing Away") (ECONOMIST p. 47).

This anxiety will not diminish when it is seen what support the Labor Party seems to continue to have with the voters, and the fact that Norwegian opinion does not react more strongly to the gradual change of course which the two socialist parties are now advocating. Those who have followed the Labor Party's actions during recent years will know that the party's departure from real NATO cooperation has been a gradual development over a long time. The "rebellion" in the party's Storting group last summer was a clear sign of how far the backsliding has gone. The mass attack against the missile base appropriation last fall was a logical result of a slow but deep change in the power structure of the Labor Party which began in the 60's and is now recently completed. The party's position on the missile base issue shows that the leadership group, which several years ago was called the left wing, has gained full control over the control apparatus. The Labor Party is no longer a social democratic middle party, but a socialist left party.

This development is entirely in accord with what has happened with other European social democratic parties. An analysis in four stages shows that the parties go from a blue-red middle position to a gray transition period with dominant social democratic leadership and from there to a light red phase, where the majority in the leadership is leftwing socialistic, and then to a red final phase where the national security policy is also socialist oriented with a de facto freedom from alliances as the goal. The four phases can also be described as a transition from total alliance to half neutrality to complete neutrality. It is characteristic that formal NATO membership exists in all the phases. The classic model for this analysis exists in the British Labor Party wherein the three first phases are now clearly apparent.

The power shift in the Labor Party has essentially followed a corresponding development. First a transition period in which the penetration of the power positions is camouflaged behind a facade of gray central figures, then the light red phase where a moderate left person (Michael Foot) is the leader, and then the transition to the final phase in which the party throws off the masks and stands openly as an entirely red socialistic left party.

According to that analysis the Norwegian Labor Party now finds itself between the second and the third phases, where few middle politicians still play a part in indicating the party's social democratic future. The missile issue removed all doubt of their real influence. Odvar Nordli, the party's prime minister when Norway gave its agreement on the double resolution, was visible in the background during the missile debate. Guttorm Hansen says a few low-voiced serious words from time to time, but it is entirely obvious that neither he nor others among the old social democrats have any longer the possibility to influence the main lines of the party's policy. Their political weakness is further emphasized by the fact that most of them will not run for office in 1985. Knut Frydenlund and other pronounced pragmatists have clearly chosen to change colors in the hope of hanging on a bit longer. They will surely be allowed to do that. As long as they accept the "good boy" role and maintain their ability to make fast and flexible position shifts, they can continue to be useful to the party.

The party chairman, Gro Harlem Brundtland, must be somewhat of a problem for the new leadership in the party chambers. She has no special following within the larger voter groups and has long been a burden for the party, regardless of point of view. Whether she will be turned out at the party congress in 1985 must be a purely tactical decision. The question is to what extent it is considered useful or necessary to keep the social democratic tinge in the top leadership for a couple more years. The most important consideration is probable order of succession. In accordance with party tradition the vice chairman, Einar Forde, should move right into the top position. Recently that promotion has become almost automatic. As a moderate left socialist Forde could fill the Michael Foot role for moving into the light red phase. But only parts of it. To some extent he lacks both weight and status, and has, apart from the Oslo area, only conditional support in the party. He also has rivals. Even if nobody knows where Reiulf will jump, it will hardly be into the chairmanship. But Steen still has influence and because his future behavior can never be predicted, he can be an anchor man in a cabal around an opposing candidate. Since Forde is known as a careful general, he can prefer to wait a while. That can mean that Mrs Harlem Brundtland will still get another 2-year term on condition that her claws and wings are clipped. The possibility of a "soft solution" can not be rejected, with Frydenlund or another obedient and compliant person temporarily placed in the chairmanship.

Under any circumstances it is expected that the new central control will now have a composition which reflects and strengthens the real power situation. Because of the position that the party took on the missile issue, there is no way back. Those who now control the party will probably draw out half-neutrality still longer, and continue to undermine Norway's ties to the western alliance by way of nuclear-free zones and other special issues.

9287
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HUNT CONTINUES FOR REMAINING RAF MEMBERS

Bonn DIE WELT in German 23 Dec 82 p 6

/Article by Werner Kahl: "The RAF Is Not Dead Yet: New Dangers Threaten in Spring 1983" /

/Text/ Room needs to be made in the catacombs of the Federal Criminal Police Bureau in Wiesbaden. Room in the basements housing official documents, to accommodate 10,000 silent witnesses from the dozen of RAF depositories discovered between the Holstein forests ("Daphne") and the "coffin" in the Spessart.

Until December police search parties followed the successful excavators to the 12 depositories. These parties systematically threw a dragnet across a wide circle and probed the land for more weapons and equipment. Following their impressive success in finding the caches, the antiterrorist investigators are firmly resolved to pursue the affected RAF terrorists. None of the experts involved is likely to have any illusions about the threat posed by the commando.

At the beginning of the year the wanted posters will show five faces, none of them new. The warrant photos of Christa Eckes, Gisela Dutzi, Ingrid Jakobsmeier, Henning Beer and Helmut Pohl illustrate the continuing personnel strength of the commando. True, the RAF underground group--26 persons are being sought, 16 men and 10 women--has lost three of its most active members to arrest. On the other hand almost twice as many and just as experienced professional terrorists have for some time past reinforced the commando. Their names are simply not (yet) so well known to the public as were those of Brigitte Mohnhaupt, Adelheid Schulz and Christian Klar.

Christa Eckes (32) is no less experienced nor resolute than Brigitte Mohnhaupt. Until early 1973 this woman from Mainz was a member of the Hamburg "Group of International Marxists" (GIM). Unable to persuade her fellow members to follow her preference for the RAF, she left the group. Her next step was to join the RAF commando.

Christa Eckes spent 1973 in acquiring outside experience in Holland, Belgium, Paris and Switzerland. Changing her hair color, hair style and adopting glasses, she got ready for life in the underground. Whenever moving from one address to another, traveling to the city, leaving or reentering her apartments, she demonstrated conspiratorial skills. As the security authorities later discovered, she got a lesson in constructing an explosive charge on 4 November 1973. Three days later she informed her "teacher" that she had managed successfully to light a charge. Already

she demonstrated an amazing aptitude for logistics. Her work was concerned mainly with the organization of safe houses, caches and cars. Among her closest collaborators was a person described initially as "P 1" by the antiterrorist agencies.

Until the successor RAF was destroyed on 4 February 1974, this code number concealed Helmut Pohl. Pohl, now 39, dropped out of college and was involved in the propaganda campaigns of various "anti committees." After serving his sentence, he joined a Frankfurt news editor--notorious as a RAF supporter since 1971--and devoted himself to political efforts on behalf of the Red Army Fraction. Subsequently he became a member of the commando.

Search for the Main Enemy

Barely 9 years after the arrest of Christa Eckes and Helmut Pohl, the two RAF activists were together once again in the underground. They were joined by Pohl's wife Gisela and other terrorists operating in the Rhine-Main region. Considering the composition of the group, security experts maintain that there has never been a Klar-Mohnhaupt-Schulz leadership trio, though this is the version generally reported. Another analysis states that "there is no merger between the RAF and the Revolutionary Cells (RZ) either, as recently claimed by the Baden-Wuerttemberg criminal police." According to the investigators, the lines of demarcation between RAF and RZ are, if anything, drawn even more sharply.

At the present time the RAF is working on three levels: At the political level its supporters (the so-called legals) endeavor to popularize their strategy; the prisons holding the terrorists caught represent the second level, and lastly there is the level of the commando (the so-called illegals).

Senior security experts expect difficulties to arise in particular in the determination of political positions: The search for the main enemy is the focus of all efforts. Up to now the RAF has considered the SPD the prototype of the extended arm of U.S. imperialism; now the role of the SPD as the opposition party will have to be redefined. According to one expert this is much too important an issue for the RAF simply to exchange the now ruling Union for the SPD. It is possible that the RAF ideologues will wait for the results of the Bundestag election, due on 6 March, before issuing an opinion.

Since the defeat at Mogadishu, relations with the former partners among the Palestinians have grown more tenuous. As far as the security agencies are aware, the RAF has not cooperated with either Al Fatah or the Syrians. This was proved by the latest finds in the underground caches. The only remaining attachment to the Middle East seems to be a link with the commando group formerly led by (now deceased) Wadi Haddad.

The Palestinian groups are not agreed wither how to pursue their fight for the realization of their political goals. Behind the scene of congresses and meetings by PLO chief Arafat, the various factions argue about the reorganization of the commando groups. Next spring is mentioned as the time for new actions in Europe and overseas, aimed to throw political aims into relief.

The security agencies do not exclude the possibility that PLO commandos and RAF members may meet for common operations in the struggle against imperialism. Supporters are now trying to activate new committees in various cities. Anybody attuned to the left extremist scene knows what is up when the "legals" put in an appearance. Depending on political sympathies, one may hear in bars and meeting places --either contemptuously or encouragingly: Look, the "anti-impis" are coming...

The Federal Republic and its neighbors intend to more closely coordinate their investigations next year. France no longer seems to offer the calm refuge of Mitterrand's early days; now Belgium appears the country to provide most hiding places.

11698
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TERRORISM

ITALY

BULGARIAN CONNECTION IN ARMS-FOR-DRUGS TRAFFIC

Rome L'ESPRESSO in Italian No 049, 12 Dec 82 pp 11-13

[Article by Roberto Fabiani, Gianfranco Modolo and Leo Sisti: "Arms For Drugs Between Sofia and Brescia"]

[Text] Geneva--The Richmond is a high-class hotel barely a stone's throw from the lake. Solidly built and stodgy, it looks like a monument to the famed Swiss impenetrability, guaranteed and protected by liveried doormen and stiffly proper waiters who pretend to see nothing and hear nothing, ever. There is a reason behind this discreetness: For at least the last 10 years, the cream of the international world of business, clean and not so clean, has been passing through, stopping in, departing from and returning to the austere rooms of the Hotel Richmond. Berthing at the Richmond are Arab princes of royal blood and sheikhs, financiers from mysterious places of origin and involved in shady activities, renowned bankrupts, traffickers in every conceivable legal and illegal merchandise, spies, counterspies and secret agents from the world over.

It was in this plush environment that three bizarre, ill-sorted characters arranged to meet less than 1 month ago: A Bulgarian just arrived from Sofia, a pot-bellied, moustached and turbaned Indian and a hale and hearty Englishman determined to squeeze money out of both the Bulgarian and the Indian. Purpose of the meeting: To negotiate a shipment of German and Swedish rocket launchers for 20 million pounds sterling (almost 50 billion lire). The purchaser was the Indian for the account of an undisclosed government; the middleman was the Bulgarian; and the seller was the Englishman. A simple, straightforward transaction, but for one problem: The Indian wanted to pay not in cash but with tobacco, and the Englishman, of course, laughed in his face. The Bulgarian smoothed things out: Bulgaria would buy the tobacco, depositing the value, less a percentage, in Swiss banks, would take delivery of the rocket launchers from the Englishman, turn them over to the Indian, then sell the tobacco on the international markets. This made of it a complex operation requiring the working out of many details, and the three agreed to meet again toward the end of November in Sofia at a hotel with the strange name of "The Japanese," a constant rendezvous point for anyone wanting to transact any business whatever with Bulgaria. And there, the deal

fell apart, because the Indian proposed a sample shipment worth only 400,000 pounds sterling (1.5 billion lire). Too little to interest me, said the Englishman, and disappeared under the noses of the agents of two Western intelligence services that had been tailing the trio and were only awaiting the opportune moment to nab them.

The episode provided proof--as if further proof were actually needed--of what intelligence experts have known to be a certainty for at least 5 years: Bulgaria has become one of the major clearing centers of the illegal arms traffic. The emissaries of governments wanting to buy Western arms, but unable to do so legally because of the existence of severe embargoes in their regard (the blacklist includes countries at war, those that have border disputes with their neighbors and those that discriminate against racial minorities), go to Sofia, to the now well-known hotel "The Japanese." And to Sofia to display their catalogs also go the vendors who have contact with the arms manufacturers and with the arsenals where modern armies amass their old equipment and are determined to strike a business deal come what may.

And it is also on Bulgaria that a young Italian judge has trained his sights: Carlo Palermo, who toward the end of November jolted the scene with a bombshell, the explosive force of which still defies calculation. Palermo--who is only 34 years old, was born at Avellino and exercises his magistracy in Trento--is convinced that he has uncovered one of the largest worldwide organizations for the trafficking of arms and drugs, a criminal association the size of which can be judged by the number of persons who have ended up in jail: 210, to date. And he uncovered it in the heart of Milan, in the offices of an import-export firm, Stibam, owned by a 70-year-old Syrian, Henry Arsan. Palermo's tracking down of Arsan was the outcome of patient work that started during the closing months of 1979, when the languorous drug-enforcement bureaus of Northern Italy were suddenly alerted: A deluge of heroin was being unleashed over Trentino, the province of Bolzano and the western Veneto, which until then had been happy, uncontaminated islands. The classic measures were put into effect: A close surveillance of all suspects, an alerting of informers, and rewards for tips. The good tip was received one year later: At Bolzano, in the villa of Herbert Oberhofer, merchant-real estate impresario-smuggler-Customs Services informer, there were 60 kilos of heroin and 130 kilos of morphine base hidden underground. Thirty persons ended up in jail (including Oberhofer, who quickly escaped and disappeared), one of whom inadvertently let the cat out of the bag: The drugs were coming from the Middle East in payment for arms supplies being furnished mainly to Iran, Iraq and Turkey. The two most sinister traffics ever invented in the history of mankind had joined forces and were advancing arm in arm.

Another round of close surveillances, and this time the venerable Henry Arsan, of a noble Syrian family, 20 years a resident of Italy, was also caught up in the invisible police dragnet. He had been trading in everything, unmolested, even though this had been known for a long time to the DEA [(U.S.) Drug Enforcement Agency]. The telephones used by Arsan, who

worked in Milan but lived in Varese, began to pour forth priceless information: Clearly, the old man was up to his ears in the arms traffic, but no answer was forthcoming to the fundamental question: From where were the arms being shipped and where were they ending up? The pieces of the mosaic began to fall into place around the beginning of the year, when the police who were monitoring the conversations picked up a new name--one that was unknown to them: Renato Gamba. A firearms dealer with a small factory at Val Trompia in the province of Brescia, 43 years of age, considered by all to be an outstanding, hyperactive go-getter, a tireless traveler here, there and overseas to push his production: Fancy small-caliber pistols and hunting guns. Who would have expected to find a person of this type involved in the big-time traffic of armored vehicles and assault helicopters? Yet, that is what actually happened because, one day early last summer, the little industrialist of the Brescian valleys took off, then landed in the temple of intrigue, the Hotel Richmond in Geneva. He had a precise errand, assigned to him by Arsan: Locate, for a buyer who was already anxiously awaiting them, 20 armored vehicles, 25 tanks and 10 helicopters. The police who were monitoring the telephone calls between Gamba in Geneva and Arsan in Milan wondered: How was a leap of this magnitude possible? A discreet checkup on Gamba's firm turned out to be a magician's hat yielding an endless string of surprises.

First surprise: In the spring of 1982, fresh capital was brought into Gamba's little factory. The bearer was a finance company in Milan, the Broggi Izar, which had started out as an esteemed china and silverware factory but which, as of only a few months ago, had been undergoing a major transformation and expansion under the guidance of anonymous and unknown persons, which, in the business world, nearly always means blockheads covering for the interests of others. The new owners had clear and farsighted ideas, based on which they had quickly created a "Defense Division" to market arms of all types and electronic systems. It was placed under a foreigner, Reginald Allas, who was famed in the world of arms and claimed to have entrees to both the Pentagon and the Kremlin. It then began investing money in enterprises producing small arms, starting with that of Renato Gamba and following up with IAB [expansion unknown] and that of Fratelli Tanfoglio, all in Val Trompia.

Not without some difficulty, the investigators managed to penetrate the maze of abbreviations and acronyms, finance companies and hidden fiduciaries, and hybridized shareholdings. And they discovered another perturbing detail: A holding (2.30 percent) in the Brogi Izar company belonged to the Nuovo Banco Ambrosiano, which had inherited it from the tenure of Roberto Calvi. Thus, Calvi was involved in a finance company with holdings in arms factories. And he could not be unaware of it. The police then remembered another curious detail, which at first sight had appeared inconsequential: Did not Arsan's firm, Stibam, have its head office in a villa owned by Banco Ambrosiano and in which the former vice president of the institution, Roberto Rosone, was also living? Coincidence and fate both play their part in life, of course, but now, what with Arsan's telephone continuing to transmit

information, the coincidences were really becoming too many. Gamba, seeking armored vehicles, checks into the Hotel Richmond, which is frequented by another prominent character in the Calvi case: The Hans Kunz who had organized the banker's last trip to London, reserved his hotel accommodations, chartered the private plane that took him to England and did everything, upon Calvi's death, to return to the shadows. Officially, Kunz deals in oil; but that is not all he does: On 2 August, he received an order from Iran of war materiel in the amount of \$50 million. That is 75 billion lire.

Small industrialist Gamba was sure he had now entered the big time and would be striking it rich. But he talked too much on the telephone with Arsan, and Judge Palermo finally threw him in jail without awaiting the answer to the last and perhaps most important question: Where were those arms coming from? And where were they going?

9238
CSO: 8128/0503-B

TERRORISM

ITALY

BULGARIAN ROLE IN ATTACK AGAINST THE POPE

Rome L'ESPRESSO in Italian No. 049, 12 Dec 82 pp 6-11

[Article by Sandro Acciari, Pietro Calderoni and Mario Scialoja: "A Pistol Labeled KGB"]

[Text] The Pope's attacker started talking. And his story was filled with Bulgarian agents, Bulgarian residences and Bulgarian money. Then, a certain Mr Donovan entered the scene...

Rome--The Bulgarian trail was picked up 14 days after the attack against Wojtyla, the Pope. The first inference of a link between Ali Mehmet Agca, the executor of the attempted homicide in Piazza San Pietro, and a Bulgarian secret agent was contained in a confidential report forwarded, on 27 May 1981, by the UCIGOS [Central Office for General Investigations and Special Operations] to the Rome Magistrature. One year and a half later, the inference has become an outright affair of state: Serghej Antonov, an official of the Bulgarian state-owned-and-operated airline, is in jail; Sotir Kolev, secretary to the military attache of the Bulgarian Embassy in Rome, is wanted on an international order for his capture; a third Bulgarian, Teodor Ajvazov, cashier of the Embassy, could find himself involved at any moment now in the investigation on the attempt on the Pope's life. The result: the risk of a clamorous break--the most clamorous of the post-World War II era--in diplomatic relations between the two governments. In the face of strong protests by the Bulgarian government and of the polemics these have set off, Ilario Martella, the Rome investigating magistrate, replies with references to "irrefutable evidence." The ace up the sleeve of the magistrate is in fact the confession of the Turkish killer, Agca, who has detailed his meetings with Bulgarian officials prior to the attack and has revealed that a diplomat of the Bulgarian Embassy was actually present among the pilgrims in Piazza San Pietro on that day of 13 May 1981.

Be that as it may, it was on the desk of Rome Magistrate Domenica Sica that, 1 and 1/2 years ago, 2 weeks after the attempt on the Pope's life, the UCIGOS confidential document was placed. Two typewritten pages in which the Interior Ministry's intelligence service provided a preliminary listing of persons who, "according to reliable sources had had contacts with Agca Mehmet Ali." Eighteen names of Turks were followed by one of a Syrian national. But it

was the 20th name down the list in that report that agitated Judge Sica: It was a Bulgarian name, Mustafaeof, the pseudonym of a Sofia emissary (as would later be confirmed by our intelligence services) who, it was learned later, had been one of the first to contact Agca in Room 911 of the Hotel Vitosha, the most luxurious in Sofia.

The report also listed the name of Omer Mersan, a Turk: It was he who had arranged the meeting between Agca and Mustafaeof in the Sofia hotel in July 1980, and it was also he who had provided the Pope's attacker with the false passport bearing the number NTRP 136 635 and made out in the name of Turkish citizen Faruk Okzun (the passport with which Agca arrived in Italy). At that time, Mersan was the key man of a vast international arms and drugs traffic--a traffic organized in the manner of the Mafia, by Abuzez Ugurlu, nicknamed "The Godfather." But during his 50-day stay in the Bulgarian capital, Ali Agca, met with other persons as well: Among them, Bekir Celenk, another godfather of the Turkish Mafia and frequently a partner in joint business deals with Abuzez Ugurlu himself. It was actually Celenk, according to the investigators, who in one of his many hush-hush meetings with Agca promised him the sum of 3 million German marks (around 1.5 billion lire) if he would do away with the Pope. It is on this basis that, today, Celenk is being sought by the police of half the globe, on Judge Martella's order.

But although the Turks entered and left Room 911 of Sofia's Hotel Vitosha freely and openly, the Bulgarians who contacted Agca during his travels in Europe tried to be more discreet. This was the case with the mysterious agent of Sofia's secret intelligence services, Mustafaeof, with whom Agca met in Tunisia, a few weeks prior to the attack, on specific instructions from friend Mersan. Agca and Mustafaeof talked at some length; the young Turk got his final instructions from the Bulgarian and departed. He traveled through Europe, then North Africa, and finally, his pockets bulging with dollars (he spent more than 50 thousand), landed in Italy.

In Milan, Agca met with another Turk to pick up the long 9-caliber Browning he would later use to shoot the Pope; he was provided with it by Omar Bagci (arrested in Switzerland and now extradited to Italy), who had bought the weapon in Vienna from a conational, the Turk Oral Celik, who is now also being sought by the Interpol. Agca then came to Rome. In this capital, according to affirmations by our security services and magistrates, the attacker of Pope John Paul II was sheltered by the "Bulgarian colony," that is, the Italian section of the Bulgarian intelligence services. A far-fetched affirmation? Not on the face of it. It was in fact Agca himself who revealed this to the investigators. The Turk told Martella of various meetings with Bulgarian operatives; he also mentioned names, probably cover names which, for the moment, have conveyed nothing to the magistrates. But in one respect the terrorist was very precise: He recalled having gone into a street off the Nomentana, to an elegant little villa, a beautiful house. "Then what?" the investigators asked. With regard to this aspect, Agca's memory was good: He even remembered the layout of the living quarters, the rooms, the furniture; his account was full of irrefutable details. Agca

remembered everything except the name of the master of the house. At this point, a thought occurred to Judge Martella. He recalled the Bulgarians who had been mentioned in another much-talked-about investigation, the one on the espionage attempt in which, at the time of the kidnaping of Dozier by the Red Brigades, Luigi Scricciolo, the UIL [Italian Union of Labor] leader, was involved together with 007's of the Bulgarian Embassy in Rome (the Bulgarian services are considered the operative arm in Italy of the Soviet KGB). With this in mind, he had his colleague, Ferdinando Imposimato, forward him the file containing the photographs of the Bulgarian diplomats, which he placed under Agca's nose, hoping it would refresh his memory.

The loose ends came together. The Turk recognized two of the photographs: Serghej Antonov and Sotir Kolev. It was the details of the street and of the living quarters that pinpointed Antonov: His home on Via Pola was the "photostatic" copy of the the living quarters described by Agca, including the knick-knacks. But that is not all: The Turk insisted that he, Antonov and Kolev had held a final operations meeting in Antonov's same home a few days before the attempt on the Pope. It was there, on Via Pola, that Agca received his final instructions: Among other things, Antonov set up with the Turk an appointment to meet during the hours immediately following the murder, with the instructions he must follow for his final safety. More immediate assistance, however--this is still Agca's account to the magistrates--was to be provided to him by Sotir Kolev, secretary to the Bulgarian military attache here in Rome; Kolev was to await him in the environs of Piazza San Pietro on the afternoon of 13 May.

There is also a third man, a third Bulgarian official, who appears to have an important role to play: Teodor Ajvazov, cashier of the Sofia government's diplomatic mission in Rome. He also risks being implicated on the charge of having prepared the attempt and then the escape plan for the Turkish terrorist.

But the implication of the same Bulgarians in the attempt on the life of the Pope and in the Scricciolo case does not end with that album of photographs shown to Agca. Balkan Tourist, the Bulgarian travel agency, of which Antonov is officially the head in Rome had already been searched by the DIGOS [Directorate for General Investigations and Special Operations] in June, by order of Judge Imposimato. The magistrate wanted the complete file on the travels of certain officials of the Bulgarian Embassy who had had dealings with the UIL leader. Three of these were already under suspicion of espionage: Gheorghi Gheorgjiev, first secretary of the Bulgarian Embassy in Rome; Ivan Dontchev, second secretary, and who but Sotir Kolev, the self-same person who would later meet with Agca. On the basis of information provided by Scricciolo, Judge Imposimato decided to unleash secret agents of the SISMI [Intelligence Service for Military Security] to tail Kolev, whose every movement was shadowed for days on end. Their tailing operation completed, the SISMI drew up its report, which in part confirmed the suspicions of espionage to the extent that Imposimato decided to prepare a resounding--for a foreign diplomat--order of capture. In a matter of a few hours, the order was signed; but the Bulgarian authorities had smelled the fire and

hastily recalled Kolev.. This, however, did not prevent the Bulgarian ambassador in Rome, Venelin Kozev, from exploding a note of protest against our government by way of the Farnesina. The ambassador alluded to machinations damaging to Bulgaria and demanded an apology through diplomatic channels. The reply, a not the least bit diplomatic one, came directly from Judge Imposimato, who invited the Bulgarian diplomats accused by Scricciolo to appear and testify before the court. They did not put in the slightest appearance, however, and, after Kolev, the other Embassy officials, under pressure, were also repatriated. A farsighted decision. For, had Kolev remained in Italy, he would now be in jail charged with the attempt against the life of the Polish Pope.

The entire affair contains the classic ingredients of the grand international spy stories: Secret services pitted against each other, arms and drugs traffic, professional hit-men, millions of dollars, and, above all, many interwoven trails and many still-possible hypotheses (there are even those who maintain that the whole affair could be a complex red-herring operation set in motion by Western secret services). One of these trails, which emerges from the byways of the intricate Turkish-Bulgarian arms traffic uncovered in Trento (see article that follows) and which some appear to link with the attempt against the Pope as well, involve in a leading role a mysterious character with two names, Gerard Donovan and J. Douzian, that appear on two passports, one Australian and the other Iranian. This gentleman's principal distinction (as of now) is that of having been the possessor of all of \$8 million, that is, of over 10 billion lire. Having been, because, since the end of October, the \$8 million have been in custody in the Rome Magistrature's safes. In fact, on the basis of a tip received from a Western intelligence service, the DIGOS, about 1 and 1/2 months ago, discovered the vast booty in three safety deposit boxes at the head office of the Banco di Santo Spirito in the Rome airport. In safety deposit box number 73678 AA, there were \$5 million; in box number 73679 AA, there were \$1.5 million; and in the next box in this number series, there were another \$1.5 million. The three boxes were in the name of Gerard Donovan, who had also left a mailing address (8, Robyn Avenue, French Forest, Sydney) and an international baggage deposit slip indicating 7 pieces. It seems that jewels and a certain sum in Bulgarian banknotes were also found, either in the safety deposit boxes or the baggage.

What was the intended purpose of this abandoned treasure at Fumicino? Who is Donovan-Douzian and what is his real nationality? What is certain is that a file in his name is now part of Judge Carlo Palermo's investigative dossier on the vast clandestine traffic uncovered at Trento, and it is probable that Judge Martella, who is investigating the attack on the Pope, is also devoting considerable attention to him. It is also certain that our security services shadowed him for nearly 1 month in Rome, at the beginning of last year, before losing his trail at the Termini railroad station, when the man pretended to be boarding a train to Paris.

The mysterious agent arrived in Rome in the fall of 1980. From the very beginning, he had been kept under surveillance by the U. S. counterespionage

service, which after a certain time turned the trail over to the SISDE [Intelligence Service for Democratic Security]. Donovan was shadowed. He moved around in exactly the same zones of Rome that would be frequented some weeks later by Ali Agca. In December 1980, he took lodgings in a boarding-house on Via delle Fornaci at some 100 meters from Piazza San Pietro. Then in January 1981, he moved into the Las Vegas pension in Piazza Cola di Rienzo, a stone's throw from the Isa Hotel on Via Cicerone which would later lodge the Pope's attacker. At the bar of the nearby Hotel Cicerone, Douzian-Douglas met many persons, mostly foreigners. He spoke several languages fluently, including Russian, it seems, and claimed to be the business agent of a rich Arab staying at the Hilton: He was looking into the acquisition of tourist and hotel complexes for the account of the emir, he claimed, but this was obviously a cover activity.

Some sources allege a direct contact between this super international billionaire boss and the mercenary Turk who shot the Pope: According to them, Donovan and Ali Agca met in Palermo when the latter debarked from the ship that brought him back to Italy from Tunisia. This detail, however, has not yet been confirmed.

[Boxed insert, p 9, follows]:

Bulgaria Is a Spy Satellite

Rome--Vladimir Sakharov, a KGB agent who defected and who today lives in the United States and Switzerland, says: "The KGB must know, and does know, at all times, what the Bulgarian secret service is doing. The Bulgarian service is tightly controlled by and closely linked to the KGB." This statement was released by Sakharov to the American NBC-TV network, which, during the past several months, has carried out an extremely detailed investigation into the attempt on the life of Pope Wojtyla. The documentary has been bought in Italy by the first TV network, which has scheduled it to go on the air in about 10 days from now. Hans Josef Horchem, of the Antiterrorist Bureau for the Protection of the West German Constitution, has added: "The KGB is organizing international terrorism. This is a documented fact, of which all the Western intelligence services are perfectly aware."

According to information given to L'ESPRESSO by some officials of our intelligence services, the Bulgarian service in Italy has never developed an intelligence role, but rather a mainly operative one. Of the intelligence services behind the iron curtain--aside from the KGB--the only two that engage in intelligence work in our country are--still according to the information given to L'ESPRESSO--Romania and Hungary.

Is there, then, a KGB pistol behind the attempt on the life of the Polish Pope? The press agencies and governments behind the iron curtain deny the accusation. For that matter, the American newsman, Martin Kalb, of the LOS ANGELES TIMES, has injected a note of caution into the mentioned NBC investigation: "While this possibility may seem perturbing, the idea that a super-power might consider assassination as an instrument of national policy is not a Soviet monopoly. The United States has also resorted to it for many years: Suffice it to recall the plots against Lumumba in the Congo, Castro in Cuba and possibly Qadhafi in Libya..."

ENERGY CONSERVATION SUCCESS RESULTED IN USSR-TRADE IMBALANCE

Stockholm SVENSKA DAGBLADET in Swedish 30 Nov 82 p 33

[Article by Bjarne Stenquist]

[Text] The energy conservation campaign in Finland has been too successful. Constantly rising oil imports from the Soviet Union opened the door to increased exports to the Soviet market. Now trade with the East is suffering because Finland has the most rapidly falling oil consumption rate in the world.

Oil consumption in Finland has dropped by about 30 percent since 1973, compared to the OECD average of 20 percent. The successful implementation of the 1979 energy policy has surprised most people. According to this policy, Finland was to reduce oil consumption to 34 percent of its total energy needs by 1990. Even last year, however, oil consumption dropped below 12 million tons from a peak of just under 14 million tons in 1979. This year the predicted level is under 11 million tons, which means that oil would account for about 40 percent of the total energy consumption--a goal that was to be reached during the second half of the eighties.

More Domestic

The slump in the energy-intense forestry industry is one of the main causes. On the other hand, domestic fuels such as wood and peat have risen sharply and now account for 20 percent of the total energy consumption.

In addition, operating problems at the four nuclear power plants have been eliminated and their share doubled in a short period of time to the present level of 14 percent.

Thus, from an energy standpoint, Finland already has reached the year 1986, while industry is struggling with the problems of 1982 with stagnation on all fronts. Thus, it may be assumed, that the state-owned oil company Neste is supported by other sectors of industry in its desire to slow down the transition to other types of energy and to defend the position of oil on the Finnish market. Finnish oil imports (85 percent of which come from the Soviet Union) are the driving force in trade with the East.

The Red Cushion

This would have presented no problems if oil prices had continued to rise. Hardly any other country has been as affected by OPEC's success as Finland, where the trade structure has changed considerably since the first major oil price increases.

Before 1974 Finland was trading more and more with the West and less with the Soviet Union: from an average of 14.6 percent during the sixties to 11.9 percent in 1973. At that time the Soviet Union was Finland's fourth leading trade partner--well behind Sweden, Great Britain, and West Germany. The first oil price hikes increased the Soviet share of the pie to 18.3 percent in 1975 and last year it reached 24 percent--twice the amount as second-place Sweden.

Thus, it was OPEC that inflated Finland's "red cushion" to proportions that could not have been anticipated in Helsinki and Moscow. While Finnish exports to Western markets dropped by 4 percent in volume last year, trade with the East (95 percent of which goes to the Soviet Union) increased by 31 percent in volume and 52 percent in value.

The Soviet rush to purchase goods in Finland continued into 1982, even though oil prices had begun to fall long before that time. When the price of Soviet oil dropped from 34 to 31 dollars per barrel in March, however, it was a signal that the boom was over.

This means that many exporting firms do not know which way to turn. On the one hand, they understand that reducing the portion of production that is tied to energy imports will benefit the national economy. On the other hand, they fear their order books will empty when the Soviet Union's ability to pay diminishes while, at the same time, traditional markets in the West are practically dead.

This is a problem that Finnish exporting firms hate to talk about, but it is probable that many board members hope deep down inside that OPEC will maintain present prices and perhaps increase them--at least slightly. If predictions of 25 dollars per barrel come true, the Finnish trade surplus with the Soviet Union could soon become unmanageable.

Nevertheless, most businessmen, especially those in the forestry industry and other industries with major markets in the West, realize that lower oil prices could lead to a more rapid economic recovery not only within the OECD countries, but also in the Third World. It also is agreed that future growth within Finnish industry will occur primarily in the Third World.

Finnish Conservation Surprising

The state-owned oil company, Neste, is using television commercials and full-page ads in newspapers in an attempt to slow down the rapid drop in oil

consumption in Finland. The message is that oil still is a reliable and inexpensive form of energy.

The entire Finnish oil industry is behind the campaign, but the prime mover is Neste and its executive vice-president Jaakko Ihamuotila. As the country's only crude oil importer and owner of all refineries in Finland, the company holds a unique position in the Nordic countries. With gross sales last year of 16.3 billion, Neste is the largest oil company in the Nordic countries--larger than Statoil in Norway.

In 3 years Finnish oil consumption has dropped from just under 14 million tons to an estimated 11 million tons this year. This is an ever-present problem at Neste's majestic high-rise headquarters at Kageludden near Helsinki.

"Oil consumption has decreased more rapidly in Finland than in the Western world in general. For this reason, we have faced more serious problems than many other oil companies," Jaakko Ihamuotila said.

Falling Profits

Crude oil arriving at Neste's refineries has dropped from 12.4 million tons in 1980 to 9.7 million tons this year--a decrease of almost 22 percent.

Neste has countered by reducing its refining capacity to 12 million tons, compared to 15 million tons in the past. Almost 400 million marks has been invested to increase yield and profitability at the refineries, despite the lower capacity.

"Our results will be worse than last year, although we still will make a profit," Ihamuotila said.

Last year Neste showed a profit of just over 1 billion Swedish kronor.

Like everyone else, Neste had not anticipated that the energy policy of 1979 would lead to such a rapid drop in oil consumption. For this reason, Ihamuotila now advocates a change in energy policy.

"We must reduce government support, amounting to about 1 billion marks, to those who convert to solid fuel."

He believes it is not economically justifiable to encourage heavy investments to replace oil when oil is inexpensive and there is a large surplus on the world market.

Trade Argument

Ihamuotila's strongest argument, however, is based on trade policy and is related to the rapidly rising unemployment rate in Finland. With its monopoly on crude oil, Neste holds a key position in trade with the Soviet Union. Finland's exports to its eastern neighbor are based on Neste's ability to

import and sell the Soviet Union's primary means of payment: oil.

"Exports to the Soviet Union now provide jobs for about 150,000 people. These jobs must be protected by maintaining the balance in our trade with the East. By way of comparison, energy-related industries employ about 50,000 people.

Trading Complement

The difficulty in finding domestic customers for Soviet oil is one important reason why Neste has established itself as an oil trading company. This year Neste purchased 10.5 million tons of petroleum products from the Soviet Union. This has resulted in the export of 1.5 to 2.0 million tons to third countries. One million tons of this was Libyan oil that Neste purchased from the Soviet Union and shipped directly from Libya to various customers in Europe.

"We have opened trading offices in London and New York and we intend to expand these operations," Ihamuotila said.

Next year it may be necessary once again to export up to 3 million tons of Soviet oil and petroleum products.

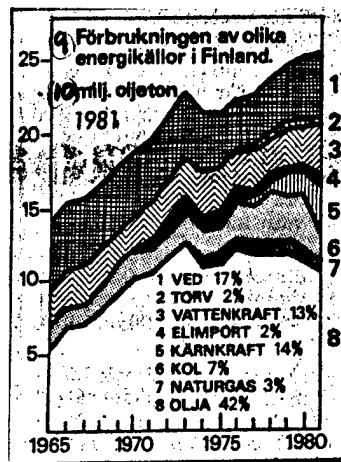
Pressure On Sweden

Neste's export efforts and struggle to maintain its refining capacity have been directed primarily toward Sweden. This year 20 percent of all gasoline imported by Sweden will have been refined by Neste. Neste has contracts with all the large oil companies in Sweden.

There has been speculation that Neste is interested in buying Gulf's service stations in Sweden in order to open another distribution channel.

"We have discussed retail trade in Sweden, but we are hardly prepared to do so in the present situation. Long-term agreements with Swedish oil companies serve the same purpose," Jaakko Ihamuotila said.

One of Neste's best arguments for attracting new customers in Sweden is that its refinery in Naantali is much closer to Stockholm than the Swedish refineries on the west coast which must transport their gasoline by boat through Oresund.



Key to figure:

- 1 Wood, 17 percent
- 2 Peat, 2 percent
- 3 Hydroelectric power, 13 percent
- 4 Imported electricity, 2 percent
- 5 Nuclear power, 14 percent
- 6 Coal, 7 percent
- 7 Natural gas, 3 percent
- 8 Oil, 42 percent
- 9 Use of various energy sources in Finland
- 10 Million tons oil

9336
CSO: 3650/70

COUNTRY WOULD HAVE DIFFICULTY INCREASING GAS IMPORT FROM USSR

Stockholm SVENSKA DAGBLADET in Swedish 30 Nov 82 p 33

[Article by Bjarne Stenquist]

[Text] The hope that natural gas would become the next major import from the Soviet Union has not become a reality.

The present gas pipeline from the Soviet Union has been in operation since 1974, but natural gas still accounts for only 3 percent of all energy consumption in Finland. Natural gas, the price of which is linked to oil prices, simply has proven to be too expensive. Major users, primarily in industry, have found it more profitable to convert to other fuels.

Last year gas sales dropped by 25 percent to 750,000 cubic meters, only half the quantity agreed on in the 1981 trade protocol. Consumption hardly will increase this year, even though the quota was reduced to 1 million tons.

Price Reduction?

To some extent, however, temporary factors, including heavy rainfall which increased the availability of hydroelectric power were responsible for the large decrease last year.

The Soviet Union also has indicated that it may be willing to reduce the price if sales increase. Neste believes that a level of 900 million cubic meters can be achieved by 1983 if the price is favorable.

If there is to be any appreciable pressure in the gas pipelines, however, more and larger consumers must be connected on the Finnish side. At present the pipeline goes to Kuovola about 100 km from the Soviet border and then turns toward the coastal town of Kotka. At present neither Helsinki nor the industrial town of Tampere can be provided with natural gas.

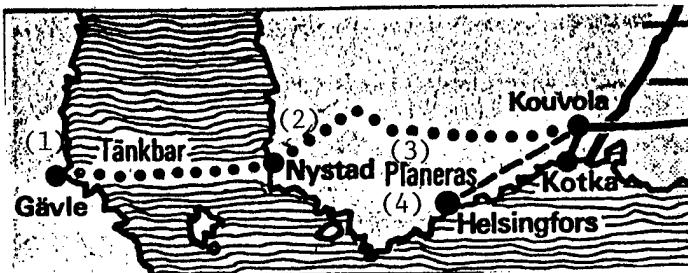
For many years Finland has hoped that Sweden would receive gas via a pipeline from Uusikaupunki to Gavle. Now, however, it seems that Finland no longer believes that the Swedes will make a decision in the foreseeable future. If anything is done on the gas issue, Finland must act alone.

Helsinki Heat

The most urgent need now is for a decision on expansion to Helsinki. Next year the capital city must reach a decision on a new thermal power plant. It remains to be decided how this plant will be fired.

A new pipeline via Porvoo to Helsinki would cost 300 million Finnish marks and sales must be high enough to justify the project from an economic standpoint. If it is constructed, the Soviet Union may participate, as it did with the present pipeline.

But both Neste and the Trade Ministry stress that the door remains open to Sweden. The Finns are following the experience of Sydgas with gas from Denmark and also would welcome a Norwegian gas pipeline through Sweden. That would give Sweden some incentive to develop an infrastructure suitable for gas consumption. In addition, gas from Denmark, Norway, and the Soviet Union (via Finland) could be connected and coordinated in a system similar to that being developed in Central Europe today.



Finland has stopped waiting for an answer from Sweden on gas imports from the Soviet Union. Next year Finland will decide whether or not the present pipeline will be extended to Helsinki.

Key:

- 1 Possible
- 2 Uusikaupunki
- 3 Planned
- 4 Helsinki

9336
CSO: 3650/70

DROP IN DOMESTIC USE, EXPORT OF NATURAL GAS

Amsterdam ELSEVIER'S WEEKBLAD in Dutch 8 Jan 83 p 27

[Article by Piet de Wit: "In This Manner We Will Never Get Rid of the Stuff"]

[Text] The bad news first? Sales of natural gas dropped last year by more than 10 billion cubic meters.

And now the good news? Sales of natural gas dropped last year by more than 10 billion cubic meters.

That very same year it became known that our reserves are bigger than originally estimated.

If this keeps going on we will never get rid of the stuff.

Sales of natural gas have been declining for several years, but the sudden drop of 1982 is unheard of. Suddenly 10.1 billion cubic meters less; when we combine domestic and export sales the state has lost upwards of 3 billion guilders in income.

The decline can hardly have been a complete surprise to the functionaries in charge of the treasury. In the past years the price of gas went up spectacularly for small consumers, industry, and also export contracts.

On 1 January the small consumer--a beautiful description of you and me, and our central heating kettles--saw his price per cubic meter (exclusive of value-added-tax and fee) rise from 32 cents to 39.9 cents. Including value-added-tax this amounts to a jump in price of about 56 percent.

It is only justified that the consumer is now avenging himself by using less gas, even though he can figure out for himself that he will only hurt himself because he will undoubtedly be penalized by a new price increase. Well, although powerless, one has to try something. Domestic industries are also telling visiting salesmen more frequently: "nothing needed." The stagnating economy takes part of the blame but investments in energy saving equipment can also be blamed.

Domestic sales (in billions of cubic meters) were as follows:

<u>Year</u>	<u>Via Distribution enterprises</u>	<u>Industry</u>	<u>Power plants</u>
1979	25.3	11.5	7.2
1980	23.6	11.0	5.2
1981	22.4	10.8	4.7
1982	20.4	9.1	6.4

<u>Year</u>	<u>Total sales in billions m³</u>	<u>Gas export in billions m³</u>	<u>Export in percentage of total</u>	<u>Exports in billions of guilders</u>	<u>Total state income in billions of guilders</u>
1977	93.9	50.0	53.2%	5.7	8.7
1978	89.1	45.0	50.5%	5.6	8.7
1979	93.2	49.2	52.8%	6.7	9.8
1980	87.3	47.5	54.4%	9.5	13.9
1981	80.7	42.8	53.0%	13.4	19.0
1982	70.6	34.7	49.1%	10.8 ¹⁾	20.0 ²⁾

1) Estimate of ELSEVIER'S WEEKBLAD

2) State budget 1983

Last year only electric power plants showed an increase in the domestic use of gas. It was originally the government's policy to cut power plants off from natural gas at an accelerated pace but in 1981 the government already agreed to deliver 4 billion cubic meters of extra gas to decrease the budget deficit. Last year this was even increased to 20 billion cubic meters between 1982 and 1987.

Incredible

Ironically these 4 billion cubic meters are not at all to be found in the figures of 1982. Purchases by electric power plants increased by only 1.7 billion cubic meters. It is utterly incredible, but the government has not even been able to induce electricity producers to use an extra 4 billion cubic meters of gas and that at a time when the treasury is showing a shortage of billions of guilders. Extra fuel had to be imported to produce this electricity and, quite unnecessarily, the state had to borrow more money!

Last year gas exports also declined sharply. Not because export contracts expired (as of 1 January 1983 about 470 billion cubic meters remain to be exported under contracts) but because foreign customers are using alternate and cheaper sources of energy, and the economy is also stagnating abroad.

A combination of factors changed the picture of Dutch energy reserves. Last year it was announced that our gas reserves (including import contracts with Norway) are at least 2,400 cubic meters. After we deduct our export obligations there is still 1,930 cubic meters left for our domestic market.

This means that, based on the consumption of 1982, we can still go on for 54 years. In reality this period will even be considerably longer. In the next decades there will be a lot of gas for sale in Norway and it is to be expected that our domestic consumption will further decline. Moreover, the Gas Union and the General Energy Council are predicting that by the year 2020 domestic consumption will only be between 20 and 25 billion cubic meters.

10319
CSO: 3614/38

STAGNATION IN STEEL INDUSTRY, POSSIBLE SOLUTIONS VIEWED

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 10 Dec 82 p 9

[Article by Norbert Welter: "Shutdowns and Mergers. The Mills are Producing Too Much and Earning Too Little"]

[Text] Every second steelworker has had his work week cut. Thousands are about to lose their jobs. A mood of impending catastrophe prevails in the mills.

This will be anything but a merry Christmas for German steelworkers. At best, they will have produced some 36 million tons of crude steel through 1982, as much or, more accurately, as little as was produced in 1967, one-third less than in the boom year of 1974. For the year to come, there is hardly a single steel executive who would dare count on any higher output. At least until 1990, predicted Lenhard J. Holschuh, secretary general of the World Steel Institute, at its recent Tokyo convention, crude steel production in Western industrialized countries will increase by only an annual 0.6 percent. Even assuming that during the slump, experts have proven to be bearish in their predictions--good times for European steel are past, once and for all. What is reflected in production figures cuts, in fact, much deeper. Nothing works right any longer on the European steel market. Production, prices, orders, profits, employment--at the moment every other steelworker is on short hours--are all in a turmoil. There is little left in the industry's cupboard. Arbed Saarstahl, for example, once lauded as the showpiece of industry reorganization, is now fighting for sheer survival. Although the Federal Government and the Saarland have so far made some 2.2 billion marks in subsidies and loan guarantees available to the firm, they intend to continue trying to keep it afloat. Yet before they bind themselves to come up with another 500 million marks through 1985, they are insisting that the Arbed parent corporation, its employees and its banks make "substantial contributions" to its reorganization. The banks, meanwhile, have declared their willingness to write off 60 million marks in overdue interest payments. The same contribution, according to demands made by the Federal Government, is to be made by the firm's workforce.

While other mills are not quite in such desperate straits, their performance also has been almost as dreary, especially through the fourth quarter of the year. Nevertheless, Kloeckner-Werke and Hoesch still hope to finish the year with a near-zero loss figure.

Even steel magnate Thyssen, who had seemed for all time to be safe from infection through steel, will probably, as result of the desperate steel situation,

do what his recently departed financial advisor, Klaus Kuhn, had urged him to do last year, namely not declare a dividend. Where there is nothing more to be earned, there is nothing left to distribute. The steel firms are left with no other choice: if they want to survive, they must continue to cut back production and pull in their belts even tighter. Thus Krupp Stahl plans to shut down six rolling mills at Rheinhausen in 1983 and to pull this plant site completely out of the production of heavy rolling sections, including railroad track, once one of the company's mainstays. This will result in the loss of an additional 3,600 jobs.

Also falling victim to the weakened market will be the blooming mill and semi-finished steel operations at Rheinhausen, once designed to supply the Hoesch plants at Dortmund, according to earlier Ruhrstahl plans. The market has slipped away from them too. Even after the closing of its Siemens-Martin mills--the last blast furnaces were sealed up in late November--Hoesch's capacity still suffices to cover Dortmund's requirements for raw steel. As a result, one inducement -- the most important one for Krupp Stahl--for the establishment of the Ruhrstahl AG has vanished. According to the original plans, Krupp was to have shipped up to 60,000 tons of semi-finished steel per month from Rheinhausen to Dortmund for further rolling treatment.

Even if plans for Ruhrstahl should still come to fruit, it will bring far fewer economies in its wake than were originally anticipated. It will probably wind up being simply one more station along the way to new joint efforts and mergers. Thyssen and Krupp Stahl have already begun negotiating how they can merge their high-grade steel and hammer-forging operations, since a high-grade steel merger and a forging union would offer both steel producers enormous opportunities for production economies. Hoesch Werke's board of directors, now freed of its legal connections with its Dutch partner Hoogovens, will not be able to turn its back on its own advantage, even though they have long held out against the overtures made by the Krupp organization. Here too, thousands of jobs are at stake.

No injunction from the EC Commission in Brussels was needed to put an even tighter cap on plant capacities than that called for by the investment reports of the corporations themselves. Brute necessity and the continuing fiscal hemorrhage had already brought it to pass that additional regroupings with new partners for new products have been recorded. The common goal of all such moves: to reduce redundant capacities by closing down unprofitable operations and concentrating production in the most modern available plants.

Three "moderators" were nominated as "marriage brokers" at the last conference of steel bosses with Federal Minister of Economics Count Lambsdorff. Marcus Bierich, chief financial officer with Mannesmann, Alfred Herrhausen of the Deutsche Bank and reorganization expert Guenter Vogelsang are to present their proposals by the beginning of 1983 for the restructuring of the German steel industry of the 1980's, enabling it to survive economically. From this point on, there will probably no longer be any taboos and no steel enterprise is likely to be exempt from the industry-wide reorganization. That there will be further mergers of companies can be assumed. Yet what will be paramount is that the product lines, such as sectional steel, will be combed through and rationally distributed.

Here is where the industry's problems are particularly concentrated. For one thing, the demand for shaped steel has been rising more slowly than that for plate steel products (thin-gauge plate, tin plate, boiler plate). For another, it is in this area that the competition of the newly producing steel countries is being felt most keenly. Anyone setting out to produce steel is first going to cut his teeth by producing shaped steel products, if only because this technology is more easily acquired and integrated than say, steel plate production. Adding to the pain is the fact that life is being made miserable for domestic integrated steel mills by the new mini-mill operations. In their electric furnaces, using large quantities of scrap, they have been able to hold their own even against the competition of the giants. A number of shaped steel products such as wire, concrete reinforcing steel and bar steel, have become something on the order of regional products, meaning that a number of electro-steel works already dispose of protected sales areas for these products. No wonder then, that many integrated steel plants, such as Krupp Stahl and Hoesch, have already abandoned the production of concrete reinforcing and bar steel and have even partially given up on production of steel wire; even giving thought now as to how they can withdraw from the production of heavy shaped steel products, in whole or in part. Such considerations are also not likely to stop short of the question: does the German steel industry still need six wide-strip mills and, if not, then which of them are to be shut down?

The German steel industry will be forced to pull itself up by its own bootstraps from out of the European morass with some measure of support from Bonn. In doing so, it will be abandoning a number of plants which, by European standards, are both modern and efficient. The "Common Market" for steel, the cornerstone of a supranational Europe, has proved a failure. At best, the Common Market was able to function as long as times were good. The task of coping with crises --first in coal mining, then in the steel industry--has fallen to the national governments and to the affected concerns themselves, despite the Rome Treaty which created the coal and steel union.

In neighboring France, efforts to cope with the crisis have been underway for years. Usinor, in the early 1950's, closed down its rolling mill at Denain and restricted production to the mills at Dunkirk and at Fos on the Mediterranean. Under the pressure of recent developments, further deliberations have been underway as to whether the Sollac rolling mill in Lorraine, which dates back to the same period, ought not be closed down instead of being modernized as originally planned.

At the moment the demand for flat steel products has been even harder hit than that for shaped steel lines. Thus the Brussels commission has proposed even sharper cutbacks in production quotas for the first 3 months of 1983 as compared with those of the previous quarter, namely in the range of 15 percent for flat steel, as against only 5 percent for shaped steel products.

9878
CSO: 3620/152

JENNINGER ON ECONOMIC CONTACTS WITH GDR

Duesseldorf HANDELSBLATT in German 29 Nov 82 p 5

[Interview with Philipp Jenninger by Hans Joerg Sottorf of HANDELSBLATT:
"FRG Seeks Agreement with GDR on Environmental Protection. Bonn wants
Minimum Exchange and Pushes for Reduction"]

[Text] The Federal Government wants to negotiate a comprehensive agreement on environmental protection with the GDR. Costs are to be covered by both parties in line with the principle that those who cause the damage must pay for it [Verursacherprinzip]. This is what the state secretary of the Federal Chancellery, Philipp Jenninger, said in an interview with HANDELSBLATT: Jenninger also suggested an exchange of trainees and instructors. The text of the interview follows.

HANDELSBLATT: You are going to travel to East Berlin this weekend. As state secretary of the Federal Chancellery you are responsible for government contacts with the GDR. The new Federal Government has talked about continuing relations with the GDR. What do you mean by that?

Answer: That means in concrete terms that we want to continue the political dialogue and also practical cooperation. Political dialogue means exchanges of letters, discussions with political representatives, and occasionally also a meeting of political leaders. Practical cooperation means continuation of projects we have started. As you know, we have been able to conclude some of them in recent days. New ones are to be initiated.

HANDELSBLATT: Which ones?

Answer: There are a number of concrete projects that could be negotiated. But, of course, we have to keep in mind existing financial limitations.

. For instance, a project that is on the agenda is a cultural agreement. Here, following signals from both sides, preparations for the negotiations have been initiated.

. In addition, we intend to open negotiations in the area of environmental protection with regard to cleaning and desalination the Werra and Weser rivers. Here arrangements are being made between the Federal Government and Federal

Laender which are particularly affected by these matters. Our goal is to prepare an inventory and reach a comprehensive agreement on environmental protection with the GDR.

HANDELSBLATT: Could you give me more concrete details regarding the problem of keeping the Werra and Weser rivers clean?

Answer: It is in the interest of both sides to work together on this issue more closely. Technically, this is feasible, as we have established meanwhile. But here again, this is, of course, primarily a financial problem. We have to find ways and means to ensure in accordance with our principle, that those who cause the environmental damage also share the expenses. In other words, these problems can only be resolved if a financing scheme can be agreed on in which both sides participate.

HANDELSBLATT: In the past, financial problems have also prevented the electrification of transit lines. Therefore, the old Federal Government rejected these projects as too costly. Is there now a possibility that funds may be made available for these projects?

Answer: I would like to make it very clear in this connection that, in matters going beyond the implementation of the Treaty Concerning the Normalization of our Mutual Relations [Grundlagenvertrag], the Federal Government considers it a basic prerequisite for the successful conclusion of the negotiations that the amount of the minimum obligatory currency exchange [Mindestumtausch] be lowered again. This decision has had a very adverse effect on our relations. Here again, I emphasize our financial situation. I see hardly any chance at the present time or for the foreseeable future that funds of this magnitude will be made available.

HANDELSBLATT: What do you think about pragmatic solutions such as the Schinkel exhibition which is taking place without a cultural agreement? Which areas would lend themselves to similar procedures?

Answer: So far, we have made good progress with specific cultural projects. I believe this practical approach can be continued in the months to come without us now waiting for a cultural agreement. I am thinking, for instance, of exchange programs in the areas of music, the arts, and sports. I could also envision consideration of an exchange of trainees and instructors between the Federal Republic of Germany and the GDR.

HANDELSBLATT: Intra-German trade has done well despite the global economic slump. What are the prospects?

Answer: Intra-German trade has indeed experienced a favorable development this year. During the first three quarters of 1982, sales increased by 10-12 percent. This is a welcome development. I believe, we should pursue a further expansion of intra-German trade in spite of the global economic decline. In so doing, it is particularly important that we look more carefully at individual trade flows. A detailed analysis has shown that trade increased in all trade categories, that however in our sales the expansion

was primarily due to agricultural products, iron, steel, and crude oil. While the sale of finished products, especially capital and consumer goods, was stagnating. And they should be the most important components of intra-German trade.

HANDELSBLATT: There are complaints about the cautious attitude German banks are taking in their lending operations.

Answer: If the GDR continues to repay her debts on time, I am optimistic as far as the cautious attitude of the banks is concerned, and believe that here, too, improvements can be achieved.

7821
CSO: 3620/136

'FINNISH MIRACLE' THREATENED BY EAST, WEST ECONOMIC PROBLEMS

Stockholm SVENSKA DAGBLADET in Swedish 30 Nov 82 p 31

[Article by Nina Ersman and Bjarne Stenquist]

[Text] Finland is facing an abrupt turning point. For the first time in the country's history, trade with the East is declining without being compensated by an upswing in trade with the West. At the same time, the Swedish devaluation has blocked off the "emergency exit."

The Finns became the "Japanese of the north" during the seventies by a fortunate combination of luck and skill. They were skilled at skimping and holding tight reins at home to allow rapid and planned industrial expansion. They were lucky with the economic situation: reduced demand on Western markets was counterbalanced by an increase on Eastern markets and vice-versa.

Since the mid-seventies industrial production also received an unexpected boost from another source--namely OPEC. Because of the structure of the Finnish-Soviet trade agreement, the oil price rises in 1973/1974 and especially in 1979/1980 had a strong impact on Finnish exports to the East.

Goods For Goods

Currency never has been used as a means of payment in trade between Finland and the Soviet Union. Instead, goods are exchanged for goods. Each year the exchange is regulated in detail in a special trade protocol. Each side's deficit or surplus is recorded in an account at the Bank of Finland and at the end of each 5-year period exports must counterbalance imports and the account is returned to zero.

The Soviet Union is the largest oil producer in the world and oil accounts for 85 percent of all Soviet exports to Finland. For several years oil price rises caused a sharp increase in the purchasing power of the Soviet Union. The same quantity of oil could be used to purchase an increasing number of Finnish icebreakers, machines, women's coats, etc. The order books in Finland swelled as oil prices rose.

With certain exceptions, this trend continued until it reached its remarkable culmination in 1981. This resulted in an economic trend in Finland during

the seventies unlike in any other Western country, especially Sweden. In 1980, for example, Finland boasted a 6-percent increase in its gross national product, compared to 1.4 percent in Sweden.

Doubled Export Value

But what was good for the export industry was not necessarily good for the nation. Like all other countries that produce no oil, Finland did not wish to link its fate to closely to the whims of the oil market, which was far beyond Finland's control. For this reason, a political decision was made in 1979, according to which Finland would become less oil-dependent and depend more on domestic energy sources and solid fuel in the future. Behind this decision was the firm conviction that oil prices would continue to rise--or at least not fall.

Everything went as expected until late 1980: oil prices went sky-high. At the same time, the Soviet Union was building up its facade for the Olympic Games. Soviet leaders stated that Soviet citizens would be able to purchase more consumer goods. The combined result was an unparalleled rush across the border to purchase goods in Finland. That year the volume of Finnish exports to the West decreased by 4 percent, while exports to the east, 95 percent of which went to the Soviet Union, increased by 31 percent in volume and 52 percent in value.

Suddenly it was possible to sell everything from jelly, clothing, shoes, and detergent to telephone booths--and in quantities far beyond the framework of the annual trade protocol.

Counted On OPEC

So many consumer goods were exported because the metal and paper industries already were operating near capacity.

In retrospect, the picture is that of troops advancing in disarray. Stories from the textile industry tell of sewing machines set up in vacant school buildings in rural parts of the country. There unemployed seamstresses were given as much work as they could do in order to meet the demand from the Soviet Union.

"We were counting on OPEC," one small businessman in the metal industry told SVENSKA DAGBLADET. He was one of those who believed that oil prices would continue to rise. His factory had received new orders, expanded, and employed more workers. Now he is forced to lay off workers and close parts of his plant.

In 1981 Finland became the northernmost victim of OPEC. Oil prices began to drop and the air was let out of the "red cushion." At the same time, the oil conservation campaign proclaimed 2 years previously began to be surprisingly successful. By 1982 Finland had reached the goal set for 1986. This goal was to make oil responsible for only 40 percent of the country's energy consumption. In this way, Finland has become a model country for the OECD.

Oil Campaign

The politicians acknowledge that it was an unfortunate coincidence that the need for oil dropped so sharply at the same time that prices fell. The state-owned oil company now has initiated a campaign to slow down the transition from oil to other fuels.

The situation would not have been so serious if the economic institutes had been correct in their predictions concerning markets in the West. If they had been correct, Finland could have counterbalanced the decline in the East with an increase in the West, as it had done before. Instead of seeing an economic recovery in the West, however, Finland has suffered from two Swedish devaluations, which makes it unrealistic to hope for increased exports to Sweden in the present situation.

The economic outlook for the immediate future is bleak. Industrial production will decline by 1 percent this year. Unemployment will reach 6.5 percent this year and 7.5 percent in 1983.

Agreement On Way Out

At the same time, there seems to be general agreement among Finnish businessmen and politicians on the way out of the crisis:

To keep trade with the Soviet Union at the present level or at least not reduce it considerably. This is important from an employment standpoint since, for example, the metal industry which is a leader in exports to the Soviet Union is more job-intensive than the capital-intensive forestry industry which sells mostly to the West.

No one seriously believes, however, that the consumer-goods industry will retain its relatively strong position in the 1983 trade protocol, which will be signed in several days.

It is more probable that future trade will include more coordinated industrial efforts in the engineering and electronics sectors. This, in turn, could lead to joint Finnish-Soviet export projects to third countries.

One important condition for keeping trade at a reasonable level in the future is that Finland must find new products to import instead of oil, which is dropping in both price and volume.

The second goal is to recapture certain Western markets and gain new ones, for example in the Third World. This will require restructuring in several branches of industry, especially the lumber industry and the clothing industry. In recent years Finland has been successful in exporting projects to the Third World.

Cooperation With Sweden

Maintaining, and preferably expanding, cooperation with Sweden is the third goal, although Norway is mentioned more and more as a market for Finnish suppliers. Trade and Industry Minister Ollila, for example, stated in an interview that he would like closer cooperation to save the forestry industry of both countries from killing each other with competition.

Better Equipped

Finland enjoys several undeniable and important advantages that make it better equipped than Sweden to take advantage of an improvement in the economic situation.

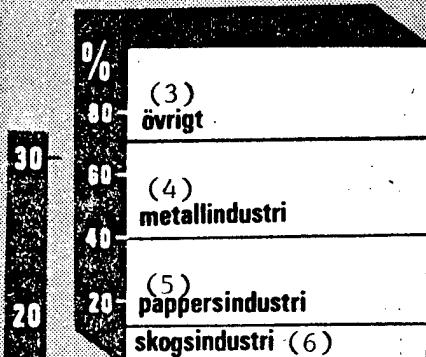
- 1) An industrial sector that is more modern and efficient in many respects, for example the steel and forestry industries which were built up during the seventies. The Finnish engineering industry possesses unique specialized skill in certain areas.
- 2) Less oil dependence and more efficient energy production. Finland presently derives 48 percent of its energy supply from domestic sources, while the corresponding figure for Sweden is 35 percent.
- 3) Restraint in the public sector, especially at the municipal level. Finland currently disposes of just over 40 percent of its GNP in the public sector, while in Sweden the figure is 65 percent.
- 4) A relatively strong economic and political concensus among various social interest groups. When, for example, did the Swedish labor movement ever agree to lower wages during contract negotiations? This happened in Finland in 1981. This year, too, the labor movement has said little about wage increases

His Name Is Worth 50 Billion

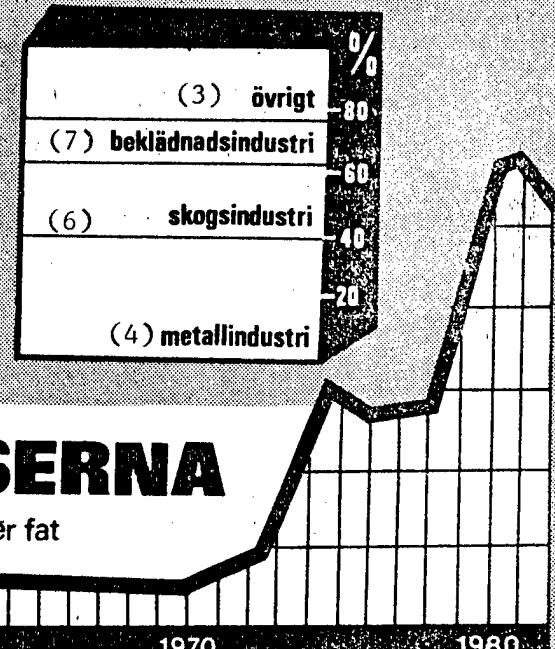
In a week or so Foreign Trade Minister Esko Rekola will sign a document worth 5 billion rubles: the Soviet-Finnish trade protocol for 1983. This will be the first agreement ever that will not mean increased Finnish exports to the East.

The sum of 5 billion rubles--about 50 billion Swedish kronor--is a relatively meaningless figure. In trade between the Soviet Union and Finland, currency is represented only by a figure in a clearing account at the Bank of Finland. Instead, Soviet oil is exchanged for Finnish icebreakers, rock drills, telephone cables, winter boots, and shampoo.

(1) **Finlands export till OECD 1981**



(2) **Finlands export till öststaterna 1981**



(8) **OLJEPRISERNA**

1979 års dollar per fat

1950 1960 1970 1980



Figure. In just 10 years the Soviet Union's share of Finland's foreign trade has doubled. This occurred mostly without conscious planning. Because of the structure of the Finnish-Soviet trade agreement, trade increased as oil prices rose. Now, however, the trend has reached its culmination and next year's Finnish-Soviet trade protocol will contain cutbacks for certain groups of goods, especially consumer goods.

Key to figure:

- 1 Finnish exports to OECD in 1981
- 2 Finnish exports to the Eastern countries in 1981
- 3 Other
- 4 Metal industry
- 5 Paper industry
- 6 Forestry industry
- 7 Garment industry
- 8 Oil Prices, 1979 dollars per barrel
- 9 Finnish trade with the Soviet Union as a percentage of Finland's total foreign trade
- 10 million marks

Provides Stability

The trade protocol established for each new year contains detailed lists of the products that will be given export licenses by the Soviet Gosplan and the Finnish licensing authorities. The yearly protocols, in turn, are included in a 5-year plan. The current plan expires in 1986.

"Trade with the Soviet Union has provided stability to the Finnish economy in two ways. First of all the metal industry, for example, has been able to plan its production and, thus, it has been less dependent on the international economic situation. Secondly, we have a reliable source of oil, even during times of shortages," Esko Rekola said.

Shipyards are Finland's proudest example of the positive effects of trade with the Soviet Union. While shipyards in other Western countries have been hit by crises, this industry has flourished in Finland because of the stable and predictable demand in the East for highly developed specialized vessels, for example for oil drilling, research, and icebreaking under Arctic conditions. Here Finland has been able to develop unique expertise without the stress of competition. These vessels are included in long-term export plans and, thus, are not affected immediately by short-term changes in the economic situation. The shipyards can count on stable production under the trade protocol for 1983.

Fewer Consumer Goods

Companies in other branches of industry, however, have reason for concern at present. Some consumer-goods industries that flourished in Finland when oil prices were rising and more "luxury items" were included in the lists now fear they will be left in the cold in 1983--or at least they must do without the increase in exports to which they had become accustomed during the previous 2 years.

"Our goal is to maintain the distribution of goods, in order to promote exports that increase employment in Finland," said Foreign Trade Minister Rekola. He is especially aware that exporting clothing and furniture provides more jobs than exporting, for example, paper.

Difficult To Find Imports

The question is how he and the other Finnish negotiators will match their wish list with that of the Soviet side. Last-minute negotiations are underway in Helsinki and Moscow.

The best solution for both sides would be for Finland to find new products to import from the Soviet Union, in order to restore the balance.

Soviet wood? Finland already imports Soviet wood and increased imports are restricted by Soviet transport problems and by domestic opposition by Finnish forest owners. Metals, chemicals? These products also are imported at present to a limited extent. One new product this year is the import of pellets for Finnish steel production in Rautaruukki. Machines? Lada automobiles are popular in Finland, according to Esko Rekola, but none of the above-mentioned products could restore the balance.

Time Until 1985

"Despite all this, we still have until 1985 to correct the surplus problem," Rekola said. He is convinced that the Soviet Union will remain Finland's largest individual export market for many years to come.

Seen from this perspective, a claim of 100 million rubles--about 4 billion kronor--may be considered a "normal" trade credit. This is true even though for the first time some critical voices in Finland are beginning to demand some form of interest for the "loan" to the Soviet Union.

9336
CSO: 3650/70

ECONOMIC

ICELAND

UP TO SIX PERCENT DROP IN PURCHASING POWER PREDICTED FOR 1983

Reykjavik MORGUNBLADID in Icelandic 31 Dec 82 p 20

[Article: "Icelandic Trade Council Projects 59 Percent Inflation for 1983"]

[Text] The Icelandic Trade Council has made a projection on the evolution of prices, wages and the dollar exchange rate in 1983. According to the projection, inflation will be 59 percent next year, in terms of the increase in the cost of living index for the whole year. The median price increase between the years, on the other hand, will be around 62 percent.

It is presumed in the projection that wages will increase by 58 percent during 1983 and the U. S. dollar exchange rate by 65 percent.

The most important assumptions of the projection are that there will be no base wage increases during the year above agreements in force, that the terms of trade will deteriorate only slightly, or by 1 to 2 percent, that the dollar will retain its strength on the international money market and that there will be a reduction in demand on account of interest rate changes and changes in the purchasing power index.

It is projected that the exchange rate for U. S. dollars will be 16.70 krona on 1 January 83 and that it will be 26.50 krona on 1 December 83. It is foreseen that wages will be increased on the average by 2.2 percent on 1 January, 10.3 percent on 1 March, 12.3 percent on 1 June, 10.8 percent on 1 September and 12.4 percent on 1 December. The increase for the entire year will thus be 57.7 percent and the average increase between the years 51.0 percent.

9857
CSO: 3626/21

BRIEFS

SIXTY PERCENT INFLATION IN 1983--There was a serious error in yesterday's MORGUNBLADID news item on the evolution of purchasing power of the disposable income of individuals and wages for the period 1976-1983 when there was discussion of the deterioration in the mentioned categories as if index figures were involved. The proper thing is to look at these categories in terms of proportional changes, that is, individual figures must be examined in terms of percentage changes between the years during the time period indicated. The paper asks your forbearance with this error in the way that the material was presented. According to the statements of Olafur Isleifsson, National Economics Institute economist, a 5-6 percent decline in the purchasing power of the disposable income of individuals is project for next year, or an index figure of 153-156 points, compared with 163 points for 1982. On the other hand, in terms of the period 1976-1983 as a whole, the purchasing power of the disposable wages of individuals has increased by 17.7 to 19.2 percent, or from 130 points to 153 to 155 points. In terms of the period since 1979, when purchasing power was greatest, or 160 points, compared to the year following, the deterioration in purchasing power becomes 3.1 to 4.4 percent. In terms of the purchasing power of the wages for the period 1976-1983, there is around a 5.6 percent increase, or from 108 to 114 points. On the other hand, in terms of the period 1978-1983, with the purchasing power of wages greatest in 1978 there emerges a deterioration of around 12.3 percent, or from 130 points to 114. Finally, it is projected that the purchasing power of wages will deteriorate by 6.0 percent, or from 121 points to 114 points, next year. The year 1970 is 100 for index figures used above. [Text] [Reykjavik MORGUNBLADID in Icelandic 30 Dec 82 p 2] 9857

KRONA LOST HALF ITS WORTH IN 1982--Inflation in Iceland, calculated in terms of the increase in the housing costs index from 1 Jan 82 to 1 Jan 83, is more than 63 percent. This means that the Icelandic Krona's value has deteriorated by more than 38.7 percent. The index figure for housing costs was 909 points last 1 Jan and is now calculated at 1,482 points for 1 January 83. In terms of the period since 1 January 81, when a monetary change took place and a change over was made from the krona to the new krona, it turns out that the increase in the housing costs index for the two year period is 136.7 percent. This means that the new krona has lost 57.75 percent of its value in the two year period since it became valid. It may be mentioned that at the beginning of 1981 the exchange rate was 122 U.S. dollars per 1000 krona but that now, at year's end 82, only 60 U.S. dollars may be obtained for the same number of krona. [Text] [Reykjavik MORGUNBLADID in Icelandic 31 Dec 82 p 2] 9857

DROP IN BALANCE OF PAYMENTS DEFICIT RECORDED

Zurich NEUE ZUERCHER ZEITUNG in German 8 Jan 82

[Article by "dk." (Dieter H. Kroner) Madrid: "Smaller Deficit in Spain's Balance of Payments. Increase in Foreign Indebtedness"]

[Text] Spain's balance of payments deficit in the first 10 months of 1982 (including October) reached a level of 4.07 billion dollars, some 361 million dollars less than in the comparable period of 1981. Yet this downward trend lost substantial energy since the cumulative difference during the previous month had still been more than 1.1 billion dollars. In the goods trade area the deficit during the same period fell from 9.5 billion dollars to 8.8 billion. The surplus in the services sector also fell from 3.6 billion dollars to 3.4 billion, so that the decline of the balance of payments deficit from 5.86 billion to 5.34 billion dollars turned out to be a relatively modest one. The pattern of so-called investment income during the first 10 months of 1982 was less satisfactory, with the deficit rising to 1.89 billion dollars as against 1.69 for the same period in 1981. The same is true for transfer payments, including remittances by guest workers abroad, with the total dropping to 1.27 billion from 1.4 billion dollars for the first 10 months of 1981. On the other hand, income from tourism rose from 4.9 billion to 5.34 billion dollars through the 10-month period.

Included among the positive trends in the balance of the Spanish economy is without doubt the freeze on foreign indebtedness. It is likely, however, that this phenomenon will only be a short-term one. The private sector of the economy had been cautious with regard to new foreign borrowing last year in light of the dollar boom and the uncertainty surrounding the peseta's exchange rate. The housecleaning in exchange rate policy in the form of an official 8 percent devaluation in December and, in particular, the prospect of a drop in interest rates may soon lead to a reversal of the existing trend. The new government might not take any steps to halt such a move, although it may press for a stronger rediversification since a heavier capital influx from abroad, even if it flows into the private economy, can only lead to a consolidation of the peseta. Year-end figures are not yet available. By the end of September, the total Spanish foreign indebtedness had reached only 27.385 billion dollars, matching closely the same level as that of the end of 1981. According to the most recent preliminary figures, the amount outstanding by the end of the year may have reached 27.8 billion dollars, representing an increase of only 2.2 percent over the previous year.

In contrast to this, Spanish foreign indebtedness in the years 1980 and 1981

rose from 19.5 billion to 23.7 resp. 27.2 billion dollars, or by 21.5 and 14.8 percent. At the end of September 1982, of the total of 27.385 billion dollars of foreign debt, some 12.5 billion had been incurred by the state (6.6 percent more than 9 months ago), while the indebtedness of the private sector had dropped to 15.235 billion dollars, a drop of 3.5 percent. The relatively small growth expressed in dollars, however, is offset by a far greater increase in pesetas. With an average rise of the dollar's parity from 97 pesetas to finally 127.5, this means an increase in the amount of indebtedness, expressed in the national currency, of approximately 34 percent which in turn measured against the gross national product amounts to an expansion from 14.8 percent to 17.3 percent.

9878

CSO: 3620/157

BLECHA SEEN AS NEXT HEAD OF SPOE

Vienna DIE PRESSE in German 5 Jan 83 p 3

Article by Hans Werner Scheidl: "The Favorite Disciple as Heir to the Throne"

Text The former palace of Viennese Archbishop Khiesl, across from the humane society, houses the SPOe Party Academy. A splendid library on the second floor of the stylish building has long awaited the arrival of the academy's president to write his memoirs after retiring from public life. These memoirs are confidently expected to turn out a bestseller. Unfortunately the president, Bruno Kreisky, is not yet giving any thought to a move to this retreat. On the contrary: When first viewing the gigantic study that had been restored for his use and equipped with the best in furnishings, he was quite indignant: "I am perfectly satisfied with my room in Loewel Street," was his ungracious comment.

Bruno Kreisky intends to stay for a while yet in his corner room there, overlooking the rear of the Vienna Burg Theater, and inhabited before him by the two party chairmen Adolf Schaerf and Bruno Pittermann. As late as last Monday he made it perfectly clear that an election defeat in April 1983 would change nothing. Unless there should be a "palace revolution" in the shape of an extraordinary party congress, Kreisky intends to direct the party as its chairman at least until fall 1984 and then personally conduct an orderly transfer.

It is no secret whom Kreisky now considers his "favorite disciple" within the party. He appointed Karl Blecha, former federal chairman of the Young Generation, to the central secretariat, watched his work there for many year, assigned him more and more departments and finally made him deputy party chief. Still, there have always been several putative candidates for the leadership of the party in the post-Kreisky era. The latest indications, though, show more and more clearly that the chancellor (who will complete his 72d year on 22 January) considers only one man his heir, and that man is Blecha.

In Mallorca Kreisky said that the need was for a man whose political integrity was unchallenged, who selflessly served the party, avoiding cronyism or any other considerations. In an interview given a year ago these features were cited almost word for word in Kreisky's praise for Blecha: "A man of unblemished character, he has retained a sense of the ethics of the party, of our movement. While having a great deal of tactical skill, he is a genuine and staunch social democrat."

Of course Kreisky omitted the most important part: A man who did not hesitate to assume a very clear attitude toward the bitter personal conflict between the chancellor and Vice-Chancellor Androsch, without waiting to see who would emerge victorious. If that were not the case, all the factors cited could apply with equal justice to club chief Heinz Fischer.

Kreisky believes thus to have equitably divided powers for the time of his retreat from politics. Should a coalition government be required, Fred Sinowatz may head this as the SPOe representative. Blecha would "inherit" the party, Heinz Fischer control the parliamentary fraction. Should the worst happen and a bourgeois coalition take over, Sinowatz will not be left high and dry either, because they are waiting for him in the Burgenland.

There is one unknown factor in the equation nevertheless: Blecha as leader of the opposition would be very hard put to it indeed to regain a majority of Austrian voters for his party. Kreisky is well aware of that risk. As long ago as 1979 he pointed out in a PRESSE interview that it would be "no misfortune" for the great Social Democratic Party to once again decline below the 50 percent mark, "provided it remains united." He had not achieved 50 percent either immediately upon becoming party chief.

For anyone knowing Kreisky this remark lends itself to easy interpretation. The superstar of the 1970's would not be particularly disturbed if there were to be a (slight) decline after him. The name Kreisky would then shine all the more lustrously in the sequence of socialist party leaders starting with Viktor Adler and running to him by way of Karl Seitz, Adolf Schaerf and Bruno Pittermann .

11698
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SPOE, FPOE, OEV BEGIN ELECTION CAMPAIGN

Zurich NEUE ZUERCHER ZEITUNG in German 12 Jan 83 p 2

/Text/ Report by R.St., datelined Vienna, 10 January: "Prelude to the Election Campaign in Austria"

/Text/ In this second week of the new year, the Austrian election campaign has already gone into high gear. In fact the National Council and the Vienna Provincial Assembly are not due to be elected until 24 April next, 7 weeks after the Bonn Bundestag, and the governing SPOe has actually announced some draft legislation to be introduced in the current legislative term. This includes the complete reorganization (or abolition) of the article of the civil code concerned with placing an adult under conservatorship. Still, all the parties represented in parliament are already endeavoring to make an impression on the voters with a view to the forthcoming elections.

Coalition Rumors

The starting shot was fired by FPOe chairman Steger. He presented a statement--received somewhat tepidly by his own party--to the effect that the FPOe would give assistance to Federal Chancellor Kreisky so as to keep him in office in case the socialists were to lose the majority. The FPOe had earlier decided not to broach the matter of a coalition. For his part 72-year old Federal Chancellor Kreisky who appears to consider coalition governments (especially with the OeVP) far too strenuous, has named current Vice Chancellor Fred Sinowitz the potential head of a coalition government directed by the socialists.

Interest in Austria presently seems to concentrate more on the hardships looming ahead for the people, regardless of the issue of the election. In Mallorca the chancellor and Finance Minister Salcher agreed--in case the SPOe once again gains the absolute majority--to introduce a 20 percent tax on interest paid on savings deposits and to tax the 13th and 14th monthly salaries. They also discussed an increase in the maximum tax rate (currently 62 percent). In this context the spokesmen of the governing party mention the courage and prudent foresight of the head of government; the opposition parties reject the proposals and call on the state in the first place to cut spending.

"Public Maturity"

Kreisky himself justifies the announcement of new taxes at this unusual time by saying that the public is ready to hear the truth, and that the hardships are few compared with the benefits to be expected. The election results will show whether Austrians consider the tax hikes the consequence of socialist politics--overeager for redistribution--or an inevitable blow of fate. Up to now no opposition politician has been able to get the better of Kreisky's dialectic interpretation of world economic events and their compelling consequences for Austria. Obviously he hopes even now that the voters will honor his truthfulness, refrain from delving into the causes of the growing budget deficits and, in view of the somber outlook, rely more than ever on the experienced helmsman. Though polls taken just before the end of 1982 did not produce an absolute majority for the SPOe, we must remember that those taken 4 months before the 1975 and 1979 elections yielded exactly the same results.

Opposition Report on the State of the Nation

OeVP chairman Alois Mock was the one to open the actual election campaign. Monday last, in Vienna's Belvedere Palace (site of the signature of the Austrian State Treaty), he pronounced himself to invited guests on the state of the nation. Even the newspapers friendly to the OeVP were somewhat skeptical about this event, due to the rather ambitious aspect reflected in the choice of title and location. Mock, however, remained faithful to his sober style and endeavored to present an equally sober analysis of the situation, coupled with an outline of possible solutions. His statement was free of seductive and actually untenable election promises; unfortunately it also failed to arouse a certain intellectual enthusiasm.

Should the OeVP regain power, it aims to return Austria to the path to greater economic growth by raising individual responsibility, encouraging the readiness to take risks and increase output. Job safety is to be achieved mainly by larger exports, less by government intervention. Small and medium firms have proved to be more resistant to crises than the large corporations, most of which are nationalized in Austria. The smaller firms are therefore to receive tax concessions and be liberated from bureaucratic interference. As for the budget deficit, a mere belt tightening would merely lead into a dead end. The current deficits (70 billion schillings in 1982) will have to be reduced by 50 percent within two legislative terms.

"Green" Market Economy

Assuming with some justification that younger voters, in particular, assign great importance to environmental concerns, Mock coined the term "green" market economy that might later become social market economy. The OeVP considers growth and environmental policies to be quite compatible. As for the use of nuclear energy, Mock holds that recent years have shown Austria to be able to manage quite well without nuclear power plants. According to him the public at this time is not interested in rescinding the decision resulting from the 1978 Zwentendorf vote. The OeVP party chief thus strengthened his reservations with regard to nuclear energy. This attitude flies in the face not only of the overwhelming majority of the SPOe but also that of industry and an important sector of Christian labor unionists.

Leaving aside economics, Mock's concluding words called for a new patriotism, recalled the spirit of the hard postwar years that had laid the foundations for the subsequent flowering of the country. He considers outstanding ability for integration the basic Austrian characteristic and therefrom deduces the public's desire for political cooperation. However, a coalition could be considered only if the OeVP were to register a healthy gain on 24 April next.

11698
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SOCIAL CHRISTIANS' GIJS DEFENDS GOVERNMENT RECORD

Brussels KNACK in Dutch 22 Dec 82 pp 20-22

[Interview with Bob Gijs, president of the CVP parliamentary party in the Senate, by Marc Reynebeau: "Without this Administration, Things Would Be Even Worse -- Bob Gijs on the Plenary Powers"]

[Text] One year of the Martens V administration was not only a year of strong policy, as the cabinet itself likes to say, but also a year of governing with very wide plenary powers. Did they produce the hoped for results? Whatever the case, the majority parties appear to be planning once again to request special powers; in any case, the PRL [Liberal Reform Party (Walloon)] is strongly insisting on this. However, Bob Gijs, president of the CVP [Social Christian Party (Flemish)] parliamentary party in the Senate, has already decided that there can be no question of this.

Bob Gijs: When this subject was brought up in September, it was a question of an extension of the plenary powers. We said then that this would not be possible. Then the prime minister said: well, if it doesn't work, then it doesn't work; but it really would be helpful if the government were able to dispose of plenary powers for a few well defined goals, in order to be able to work quickly. But speed is something which makes little impression on us. If something takes a long time, then this is usually due to the government itself. The program laws of previous years, with all kinds of laws of various kinds thrown together, were enacted rather quickly in parliament, /too/ [printed in italics] quickly according to some, but they sometimes remained hanging for a long time in the administration.

The government's concession implies that the plenary powers act itself will cease to exist and that, if special powers are requested, they will be of a different nature: they will be much more specific and will actually take more the form of an enabling act, which would then be implemented through royal decrees. This makes it possible for parliament no longer to have to be so specific in legislation -- and more laws should really be like this --: it indicates the limits within which the government can do its work.

We don't know yet what the government will propose, so that we cannot as yet say whether or not we will accept it. We are in favor of the government working with enabling acts, so that we won't have to concern ourselves here, day in day out, with the small details. A special powers law, such as we have now, is no longer a point of discussion for us. We accepted it because there was quite a bit of debris to be cleaned up, but we stand by the working of the institutions. Within this framework, plenary powers are abnormal; they can only be tolerated in times of dire need.

Hence, it depends on what the government requests special powers for and how far it wants its authority to go.

Question: What is your evaluation of one year of plenary powers?

Gijs: Overall, the impression is favorable. A number of things had to be done rapidly. The fact that all royal decrees under plenary powers are not pearls of balance and logistics goes without saying under these circumstances. That is a disadvantage we will just have to take with it. The government did not go, or only seldom went, beyond the limits we had determined during the investiture debate.

Question: A few government measures, however, were strongly criticized in legal terms, especially by the opposition, among others the famous Royal Decree Number 50 concerning the granting of a state guarantee for, for example, credits to the Walloon steel industry.

Gijs: We did not make any objections to that because we felt that this agreed with what we gave the government when they asked us for plenary powers. The debate should really have taken place at the time the government asked us for plenary powers, and at that time it was indeed noted that measures in the area of finance in general and of taxes in particular should really not be handled with plenary powers, because this involves a yearly law, so that plenary powers in this area would actually be unconstitutional. But special powers themselves are not constitutional; thus the value of the constitutionality argument depends on what was actually intended at the time the plenary powers were accepted. It was our feeling that this Royal Decree 50 fit within the plenary powers we had granted the government this year.

Question: Isn't this plenary powers business frustrating for a member of parliament, especially when you add the fact that the administration is only now coming up with its budgets for 1982, when all the money has been used up, and this at a time when people are once again starting to wonder about the usefulness and the function of the parliamentary institutions?

Gijs: Of course, that is frustrating, but nobody is going to do anything about it for us. Parliament is the only institution which is motivated and capable of making itself more powerful. It is good for parliamentary democracy when parliament is powerful, perhaps less so for an effective policy; for that, parliament is somewhat of an impediment, but that is a question of a values hierarchy. We are now considering, within the parliamentary party, what sanctions we could impose in case of budget overruns (which is a breach of the law), of late submission of budgets, etcetera. We should be able to

impose sanctions without causing the fall of the government as a result, because that is the only sanction parliament can impose now. We also have to work on ministerial responsibility, etcetera.

Question: Isn't the climate somewhat unfavorable for this now that parliament has given up some of its authority to the government?

Gijs: Yes, but the most important job of parliament is to control the budget and thus to control the work of the government. The government's delay in submitting the budgets, as a result of political difficulties, is actually much worse than that special powers law. Indeed, as a member of parliament you can follow all those royal decrees under plenary powers; they are sent to all the parliamentary party presidents and there we could possibly still act on the matter, although not in a public session. However, if this budget control goes awry, this would be much worse than the granting of special powers, which are limited in terms of time and of subject matter and afterwards must be approved by parliament. Of course, we are not expecting new plenary powers -- we would not grant them --, but this would by their nature not occur in a public meeting.

Question: The government has sent a hundred and some royal decrees under plenary powers into the world. What are their results for you, as representative of the nation?

Gijs: We look at them exactly the same way we did at the time we granted them. Nobody can deny that we had gotten into a rather catastrophic situation, at the budgetary as well as the social and economic levels, so that a number of things urgently needed to be retrenched or even be stopped in order to prevent a complete collapse. In this sense, the government made good use of its plenary powers. There will still be a large budget deficit in 1983, unemployment is still on the rise, even though the increase will go up more slowly, etcetera.

But the catastrophe could be avoided. It was, of course, impossible to completely straighten out in a single year an abuse which had grown over umpteen years, certainly not in a parliamentary democracy. However, it is quite an achievement that the government was able to prevent a disaster. Moreover, there are indications that the process which the government wanted to set in motion (prevent a further loss of industrialization, provide new investment stimuli, etcetera), has indeed gotten off the ground. At the present time, we are not worse off than most of our neighboring European countries. This does not mean, however, that it is all over now. This year, the government has stopped the leak, now the work of reconstruction must start.

Question: The social cost price was high -- the index, family allowances, income reduction -- while the people are getting precious little in return: the figures are not favorable at all. Hence the tendency toward Poujadism, which is stimulated by all kinds of cases of corruption, politicians who commit frauds, etcetera. Isn't that a problem?

Gijs: That is a problem of communication: the estrangement between the political casts and the people. That is nothing new: the thirties were the years

of crisis and of Rexism and of all other authoritarian tendencies. It is normal during crisis periods for people to wonder about the political regime, and in a parliamentary democracy this involves the quality of the representatives.

It is a problem of communication, because it is a particularly thankless task to tell the people that we now have to moderate ourselves. We lost the elections with our JET [Youth, Economy, Future] plan. Because of the enormous hike in the cost of energy since 1974 we have become collectively poorer, but because of the very effective protection of family incomes this impoverishment has been partly diverted to the government and the enterprises. In this way, the foundation of prosperity itself was affected. Now we and the government have to tell the households that they have to moderate themselves and that it will benefit the enterprises, whereas these enterprises will be able to create new jobs only 2 or 3 years from now. Of course, it is much easier to claim that it is all the fault of the Walloons, or that the crisis can be solved by stimulating purchasing power (as the socialists do).

Question: You claim that the message has been misunderstood, but, on the other hand, people feel let down by the government: the 500/900 measure concerning family allowances was only for 1 year, but will now be extended; the 7 percent withholding of vacation pay was only for 1 year, but will now be increased to 11 percent; the weakening of the index was supposed to apply only for 1 year, but will now become even more rigid and last until well into 1984. This must undoubtedly sharpen distrust in this administration, won't it?

Gijs: The only reproach we could address to the government is that, at the time of its formation, in communicating with the people it didn't dare to tell the truth clearly enough. When this administration took off, we ourselves, in the majority parliamentary parties, were much more pessimistic than the cabinet. We assumed the inevitability of a further loss of purchasing power over the next few years and it was a matter of dividing it as fairly as possible among the various population strata.

The disappointment lies in the fact that the administration presented it as though the whole matter could be cleaned up in 1 year, which was impossible, of course. We knew that and we said it during the public session. But we also knew that the government program was the only one capable of straightening out a number of matters. There again then, it is a question of communication. Perhaps a government should be optimistic at its formation.

Question: There is a difference between optimism and insight into problems. The government was formed and received a certain amount of credit, especially from parliament which gave it plenary powers; and then we see, a year later, that it accomplished nothing: all measures have to be extended.

Gijs: Of course, it did accomplish something, otherwise these measures would not be extended. However, when we talk about a loss of purchasing power in the next few years, then we are faced with the enormous problem of acquired rights. This makes a just distribution of the loss of purchasing power more difficult. This involves rights based on the wrong premise; this is where the government policy as well as the policy of the enterprises and the financial policy went wrong.

In the past, an economic growth of 4 to 5 percent per year was considered to be virtually a law of nature. Five or six years ago, there were people who felt that it was imperative to take measures to achieve a zero economic growth. And now we have gotten that far, without the slightest effort. Everybody has made decisions in the past based on this steady growth, and they must now be retrenched. However, that cannot be done in a single year. Perhaps it should have been said much more brutally last year that hard times are ahead for us.

Question: And yet it is true that virtually all the elements of the social body have started criticizing the government policy. Isn't that a bad sign that something is wrong with this cabinet?

Gijs: I don't think so. As far as I am concerned, any coalition could replace this administration, but then it would have to be on the basis of a more credible and feasible program. I have yet to see that alternative. There are, of course, a lot of people who are discontented; it cannot be otherwise. Besides, I have announced the difficulties with the union and employers organizations. In order to keep our country from being plunged into the adventure of an undoubtedly rather lengthy government crisis, we continue to support the administration, and that even in relative independence from the pressure groups we all belong to.

Question: The items you are currently working hardest on are undoubtedly Walloon steel in particular and regionalization of the national economic sectors in general. What does the CVP parliamentary party in the Senate have to say about that?

Gijs: Naturally, we are working on that. The regionalization of the national sectors is something we will naturally be talking about for a long time to come, because now that has become something of a slogan. We are wondering exactly what the situation is with the economic trends with regard to the national sectors, because three out of five are primarily located in Flanders (textile, shipbuilding, and recovery of the coal mines). What would the disappearance of an important Walloon steel industry mean, for example, for the port of Antwerp, for the coal mines in Campine? We also feel that economic independence implies financial responsibility, which the others naturally do not unquestioningly accept.

Furthermore, there is the question of the debt from the past: how are we going to distribute the debts among the regions? What about the state guarantee: will the financial institutions have confidence in a regional guarantee? Hence, a great deal remains yet to be talked about before we can achieve a special majority (because it requires a law enacted by a two-thirds majority) on this issue. Of course, we stand behind our party's position, but as parliamentary party in the Senate we would first like an answer to our questions. That is a question of months, at the least.

Something quite different, and this in the short term, is the fate of Cockerill-Sambre [CS]. As far as we are concerned, a plan would no longer be credible, because the previous plans were not carried out. We see salvation only in an enormous rationalization, with reduction of the production capacity. It should actually come down to a solution similar to the one at the Cockerill

Yards shipyards: CS should disappear completely (we always thought that the merger between Hainaut-Sambre and Cockerill-Ougrée was a mistake), with a new structure standing ready to absorb the not yet completely doomed parts of CS, and thus to save whatever can yet be saved. In my opinion, to drop the Walloon steel industry completely would be criminal; then, next, you might as well abandon Limburg and its mines to their fate. But to continue pouring money in a bottomless pit must come to an end.

8463
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SCHLUTER SEEN HAVING GREATER DIFFICULTY WITH COALITION AID

Copenhagen AKTUELIT in Danish 18 Dec 82 p 16

[Article by Bjarne Kjær]

[Text] The leader of the Conservative Party, Poul Schluter, may tomorrow 'celebrate' the first 100 days of his nonsocialist government and look back on one of the most dramatic periods of modern Danish politics.

What but few believed possible a few months ago has proved a success. The four nonsocialist parties of the Schluter government, the Liberal Party, the Conservative Party, the Center Democrats, and the Christian People's Party, have stuck together and, at least to the outside world, without any major or dramatic internal disputes. And the government has succeeded in carrying through the first steps to restore the economy of the country, cuts involving billions of kroner, which, in the coming months, will have an unreasonably severe effect on thousands of Danish families. With the aid of the government's two supporting parties, the Progressive Party and the Radical Liberal Party.

Political Defeat

However, the parliamentary security net under the nonsocialist government is about to disintegrate. The government has suffered a number of serious political defeats and has during the last few days had to face the fact that the non-socialist majority in the Folketing is unable to stick together. The Progressive Party and the Radical Liberal Party are demanding an increasingly higher price for their votes in favor of the nonsocialist government's policies.

Not least to the Radical Liberal Party has the aid given to the nonsocialist government been a bitter pill to swallow. First by voting in favor of the formation of a purely nonsocialist government with a Conservative prime minister, for the first time since the change in the system. Second, Radical Liberal votes in support of the most comprehensive cuts in the social welfare area and measures of intervention in the area of collective bargaining ever carried through.

Wage Intervention and Qualifying Periods for Payments of Sickness Benefits

The Radical Liberal Party has been claiming in justification of its aid to the nonsocialist government that the party has succeeded in modifying the government's austerity program. This has, indeed, been the case in a large number of areas but does not help the many thousands of families whose daily unemployment benefits are cut, whose welfare benefits are cut, who have been deprived of their cost-of-living adjustments, the cost-of-living adjustments for employees within the public sector, wage adjustments, and who will have to pay more in rent, to the unemployment funds, to daycare centers, will get sharp increases in municipal taxes and will have to pay for their first day of sick leave themselves as of 1 April, etc.

Unemployment Rate Increases by 25,000

According to the government's own figures, the price for the big cutbacks will be 25,000 more unemployed next year.

The nonsocialist government took over the government after Anker Jørgensen's Social Democratic government without any prior elections on Friday, 10 September. Until the opening of the Folketing on 5 October, the government largely succeeded in keeping secret its extensive measures of intervention in the economy.

Despite promises to the effect that there would be no more negotiations behind closed doors in the prime minister's office, Poul Schluter, nevertheless, at a very early point, had to convene both Mogens Glistrup and Niels Helveg Petersen for private talks on his incomes policy measures. These measures were carried through on 16 October after one of the most nerve-racking political dramas experienced in a long time.

With "Disgust"

Both the Progressive Party and the Radical Liberal Party gave in when Poul Schluter threatened with a general election, and, thanks to the votes of the two supporting parties, the government was able to carry through its measures of intervention in wages and salaries, its intervention in cost-of-living adjustments, in the cost-of-living adjustments within the public sector, qualifying periods for payments of sickness benefits, intervention in daily unemployment benefits, in severance pay, and sickness benefits. Mogens Glistrup, Mogens Voigt and Leif Glensgaard (Progressive Party), till the very last minute, kept threatening to overthrow the government but finally yielded, voting "with disgust" for the proposed measures of intervention.

The government experienced its next crisis in connection with its retrenchment program. Nearly 20 billion kroner, 6 billion kroner of which through savings in the wage and salary expenditures of the public sector, would have to be saved. The municipalities lost 2 billion kroner and the counties 1 billion kroner in state subsidies. Private talks with the supporting parties reduced the retrenchment plan to a total of 16.9 billion kroner. However, the government will be coming back with even bigger demands for savings.

For the time being, the government had to give up major increases in rents for tenants and 'the special tax' on non-profit housing construction. Large increases in the fees paid by parents to kindergartens and nursery schools also had to be partly given up.

Defense Agreement

When the government realized that it would be outvoted in the Folketing in connection with the Social Democratic demands for defense cuts, private talks were initiated with the Social Democratic Party. The result was a compromise, involving cuts in defense expenditures next year by 140 million kroner and by 180 million kroner in 1984. And also on the question of closing down teachers' colleges and in the area of agricultural subsidies, the government had to make last minute compromises with the Social Democratic Party, which obtained considerable concessions.

Prime Minister Poul Schluter was on the point of suffering a serious defeat when, in late November, he refused to abide by the majority decision of the Foreign Policy Committee of the Folketing on Denmark's position on a UN resolution to freeze nuclear stockpiles. Only when it was made clear to the prime minister that he would risk a storm of protests against his government on the matter, did he yield, and Denmark refrained from voting.

Missile Issue

An almost corresponding situation arose in connection with the Danish grants for NATO's new nuclear missile program. The government did not want to yield to a demand from the majority of the Folketing to freeze the Danish grants for the missiles. Schluter once more threatened with a general election but yielded, and--after big internal discussions--the government parties refrained from voting when a Social Democratic proposal to shelve, for the time being, future grants for nuclear missiles was put to the vote in the Folketing on 7 December. Only the 26 million kroner already approved may now be paid.

The credibility of the nonsocialist government has also been challenged in a number of other areas. For example, when the government parties gave up the proposal to abolish the lowest disablement pension, which they themselves had been instrumental in adopting in May of this year.

Pension Tax Compromise

In the area of taxation of pension savings, the government has had to pocket enormous insults. Actually, it was the pension tax which twice caused the defeat of Social Democratic governments after bitter nonsocialist opposition to any form of taxation, "intervention in the pension savers' well-earned rights." The government's initial move was a "temporary" property tax of 2.5 percent on pension savings. It would give the Treasury 4 billion kroner, but when the government's two supporting parties flatly rejected to adopt the proposal, Poul Schluter had to initiate

private talks with Mogens Lykketoft and Knud Heinesen (Social Democratic Party). The result was a compromise on property taxation in 1983 and a permanent real interest tax as of 1984, which the Social Democratic Party had wanted from the start.

In the final voting on the pension tax proposal in the Folketing, both of the government's supporting parties, the Radical Liberal Party and the Progressive Party, voted against the pension tax proposal, and when the budget for 1983 was adopted, it happened without votes from the Progressive Party, which constitutes the government's parliamentary basis together with the Radical Liberal Party. This is a rather unusual situation for a government.

Internally within the government, it is Prime Minister Poul Schluter's party which has carried away the entire prize. In all polls since the change of government, the Conservative Party has been making major advances. At the cost of the three other coalition parties and the two supporting parties. The setbacks experienced by the Christian People's Party and the Radical Liberal Party have been so big that both parties have been on the verge of dropping below the minimum percentage of votes required for representation in the Folketing. This may very soon become the most serious problem of the nonsocialist government.

Change of Course

In the course of its first 100 days, the government has shown that it is the wage-earners and those who are socially worst off who will have to pay the price for the 'restoration' of the economy through a nonsocialist retrenchment policy. The intervention in the collective bargaining, the cuts in the social sector, the inroads on the job creation scheme, the youth guarantee, the non-profit housing construction and adult education are merely examples of the political change of course which the change of government has brought in its train.

7262
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POLITICAL

DENMARK

POLL INDICATES ALMOST HALF WOULD QUIT EC

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 82 p 7

[Excerpts] The Gallup Institute, on a continual basis, carries through polls to elucidate the population's position on our membership in the EC. The most recent poll was taken in March of this year, and that poll has now been repeated in December.

The question which was continually asked of a representative section of the population, comprising approximately 1,000 respondents, is as follows:

"If you were to vote today on Denmark's membership in the EC, would you vote for or against Denmark's membership?"

The following survey shows the results of the latter poll, and, for comparison, the results of previous polls taken, back to the referendum in October of 1972:

	For	Against	No Opinion	Total	
				%	
2 October 1972	57	33	10	100
October 1974	37	45	18	100
May 1977	39	43	18	100
February 1979	38	40	22	100
December 1979	31	39	30	100
December 1980	33	48	19	100
May 1981	35	46	19	100
March 1982	35	42	23	100
December 1982	35	48	17	100

A relative majority and nearly one out of two persons (48 percent) is today opposed to our membership in the EC, and only well over one out of three (35 percent) is still in favor of our membership.

As it is entirely possible for a person to take the position that he would not today vote in favor of Denmark's membership in the EC, without wanting Denmark to withdraw from the EC, all of those interviewed who would not today vote in favor of Danish membership were, in addition, asked the following question:

"If you were to vote on Denmark's withdrawal from the EC, would you vote for or against such withdrawal?"

This resulted in the following answers, compared with the March poll:

	March 1982	December 1982
Favor withdrawal	53	89
Oppose withdrawal	10	4
No opinion	37	7
Total	100	100

It looks as if the population's position on Denmark's membership has changed drastically since the early spring. Nearly every person interviewed (89 percent) who would not today vote in favor of Danish membership, now wants to take the full consequence of it, viz. voting for Denmark's withdrawal. A sharp increase from 53 percent in March.

The cause of this drastic change will not appear from the poll, but, in view of the point of time at which the poll was taken, it is likely that the deep clashes of interest between Denmark and all of the rest of the Common Market countries in the fisheries dispute may have furthered the opposition.

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CONSERVATIVE DAILY ATTACKS SDP ON SCHLUTER-REAGAN VISIT COMMENT

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 82 p 8

[Editorial: "Who Is Pursuing Our Foreign Policy?"]

[Text] It is not the Social Democrats who have the responsibility for the country's foreign policy. It is the government which has this responsibility, and it is the duty of the government to the outside world to ensure that there is no uncertainty as to the content of the Danish foreign policy. In their unaccustomed role as opposition, the Social Democrats seem, however, to imagine that the foreign policy line may be determined by them, and that it is up to them how to formulate it to others. Unless the Social Democrats become wiser as they gradually get used to not being ministers, the result may very well be that further uncertainty is created as to what Denmark actually stands for.

Anker Jørgensen himself could not resist the temptation the other day of mounting the platform of the Folketing to criticize the prime minister's statements during the latter's visit to the United States. Apparently, he wanted to stress that it is the Social Democrats that one has to be guided by, and that it is the Social Democrats who decide what is to be said. It was a criticism which Poul Schluter was able to repel without difficulty. It was easy for him because he could simply invoke what happened in the Folketing when it had its big debate on the missiles. However, Anker Jørgensen claimed that the government scorned the Folketing and its adoption of a Social Democratic agenda. That is, indeed, an adoption which must be taken seriously.

But what was it that happened in the Folketing on 7 December? What happened was that a Social Democratic proposal was adopted by the Social Democrats, while most of the others looked on passively. The proposal adopted recommended that the government shelve further grants for missiles for the time being. On the basis of the course of the debate, the government was able to establish that the NATO membership has not been shaken, that the majority is still in favor of the decision to negotiate with the Soviet Union concurrently with the preparations for the deployment of the missiles, and that there is support for Denmark paying 26 million kroner for the time being for these preparations. It also means that there is no definitive decision that Denmark will not also in the future make its contribution to the NATO programs.

What is it that against this background irritates the Social Democrats so much? The government has, as a matter of course, informed the allies of the

country what happened in the Folketing, and it has confirmed, what is true, that there can be no doubt about Denmark's membership of the North Atlantic Treaty, or about our willingness to fulfill our obligations. The irritation--and the angry outbursts--among the Social Democrats are solely due to the fact that it is not up to them to announce the country's foreign policy, and that the Social Democratic signals of a changed position have not become Danish policy.

If Anker Jørgensen aims at changing the Danish policy, he will have to state this clearly, and he--and others--will then have to take the consequences of it. He must not imagine that he will be able to persuade the present government to do so. Therefore, he ought not to be indignant at Schluter's statements to Reagan.

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KOHL'S WORKING METHODS, STYLE, SUCCESS VIEWED

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 17 Dec 82 p 3

/Article by Walter Bajohr: "The Office Fits Him Like a Custom Made Suit"/

/Text/ Helmut Kohl sits more firmly in the saddle than even his closest friends had expected. The chancellor is obviously relishing the office. Certainly his "provincial image" has long faded.

SPD chairman Willy Brandt recently said "we take Herr Kohl as seriously as he merits to be taken." The SPD leaders in Bonn party headquarters are very well aware what the chancellor "merits," despite averring the opposite: Even the comrades admit that Kohl has handled himself better in the few weeks of holding office than even his closest friends and advisers had considered possible. While the SPD secretly mourns, others are frankly exultant. There is much satisfaction in the chancellery as well as in Bonn CDU headquarters. As one party election campaign manager put it with regard to Chancellor Kohl, "we can make plenty of capital from this stock."

It is certainly true that--surrounded by the halo bestowed on the head of the FRG's government--Helmut Kohl has quickly climbed up the scale of popularity of German politicians. Though the latest figures published by the "Election Research Group" show that Kohl is still at No 4, behind Helmut Schmidt (2.5), Hans-Jochen Vogel (1.4) and Gerhard Stöltenberg (1.3), he is not much bothered. "A lot will have changed by election day," the chancellery claims.

This confidence is based on Kohl's handling of his office and the expectation that the voters will appreciate this. The assumption is certainly not entirely wrong. Kohl obviously feels comfortable as federal chancellor. Some of that ease has transferred to the atmosphere in the chancellery and to the manner of interaction within the cabinet. The term used in the chancellery is "the pressure for harmony." In other words, nobody can afford or want to quarrel in order not to disturb in the eyes of the public the idyllic image of concord that contrasts so sharply with the former state of affairs in the cabinet.

Up to now that has not been hard to achieve. Government members who have participated in both are full of praise because the icy matter-of-factness of the old Schmidt/Genscher Cabinet has been replaced by "good cheer." Kohl is one of the mainsprings of this thaw. In contrast to his predecessor who inclined toward long monologues, the chancellor (who normally abhors restraining his eloquence) resolutely refrains from talking much at cabinet meetings. He leaves the others to speak

and allows everybody to feel that he is able to explain his proposals. On the other hand Kohl does, jovially but decisively, call a halt whenever his ministers threaten to drown in their own volubility. Norbert Bluem is only too well aware of this.

Kohl's friends are amazed that, quite suddenly, the chancellor has rediscovered all those talents that earned him the reputation of an outstanding head of government during his term as Rhineland-Palatinate minister president. He delegates, collects expert opinions, holds a loose rein on ministers and staffs--but mercilessly demands a decision when he thinks it necessary. One of his confidants says "he has a flair for whatever is politically relevant beyond factual details." That is why Kohl evidently lacks the ambition to unduly involve himself in technical matters. It seems the head of government operates by the maxim that the respective ministers must be the ones to handle problems and submit their suggestions to him.

Kohl prefers one-on-one talks to long discussions round the cabinet table. So far he has succeeded by this method to defuse any potential conflicts. "He simply takes the potential challengers in the cabinet room and talks to them," one government member describes these happenings. One consequence of this easy manner of settling matters is the handling of the "circle system" in the chancellery. Rigid departmentalization a la Helmut Schmidt is out. There is no "clover leaf" as in the time of the former chancellor. It has been replaced by intimate talks, especially with the important ministers--Stoltenberg, Lambsdorff and Bluem.

The so-called "morning briefing" in the chancellery is an informal grouping rather than a decisionmaking body. Meeting here normally are chancellery chief Waldemar Schreckenberger as Kohl's closest adviser, State Minister Philipp Jenninger, government spokesman Diether Stolze and department heads Eduard Ackermann (public relations) and Horst Teltschik (foreign affairs). Also present are Juliana Weber, Kohl's former secretary and currently his personal assistant, Wolfgang Burr, the chancellor's highly praised office manager and, from time to time, department head Wolfgang Bergsdorf (press office)--all of them closely associated with Helmut Kohl for many years.

The chancellor needed this "suit," the circle of intimates, to establish himself in office in the manner he did--to the sorrow of his political opponents. The oft cited phrase--applied to Kohl also--that a man tends to grow with his office, requires a correction in this particular instance: Helmut Kohl evidently just needed the office to remind friends and enemies of his true political stature. "He has always been underestimated," says one of his confidants.

Kohl was much affected by this underestimation. The "Schmidt complex" that seemed at times to paralyze him while he was leader of the opposition, is now a thing of the past. Comparisons with his predecessor, not always favorable to Kohl, no longer have the power to disturb him. Composure is mixed with the satisfaction of having finally made it. At the time of the EC summit in Copenhagen, Kohl happily said to some reporters, "if you should have thought for a long time that this guy is someone who floated down the Rhine and is a village idiot, you might now sit up and take notice. You might even remark that you were wrong."

In fact Kohl has managed to astound quite a few reporters, not only the ones who are skeptics anyway. They note how easily and securely the new chancellor moves on

the international stage. His flying visits to all important western capitals shortly after taking office were well suited to remove any misconceptions. Arthur F. Burns, American Ambassador in Bonn and a friend of Helmut Schmidt, soon remarked that Federal Chancellor Kohl had done well.

This is not as much a matter of course as one might think. In recent years Kohl had suffered from a considerable image deficit in foreign affairs. In part this was due to the fact that an opposition leader tends to be of secondary importance on the international stage. Kohl therefore concentrated only on the foreign affairs "play school," ably assisted by his adviser Horst Teltschnik. This, incidentally, also has the advantage that federal citizens are easily impressed by the sight of an internationally active and appreciated statesman. After all, television brings that into every living room.

Thanks largely to Kohl's personal style everything has worked well up to now. At international level also the chancellor maintains his principle of preferring a private talk, on the telephone if need be, to even the most polished diplomatic notes. His staff cite the example of French President François Mitterand. Kohl has met with him 4 times in the few weeks of his holding office. The result has been a "good rapport" with the Frenchman who is known to be rather reserved.

Kohl was able to shed his "village idiot" image so quickly because the new chancellor began by avoiding a cardinal fault of his predecessor: Kohl has a very relaxed attitude to reporters, unlike Helmut Schmidt who was always warring with the media. This amiability is now paying off. The ladies and gentlemen of the press were favorably impressed when Kohl held a press conference on the very day of his election as chancellor.

The chancellor intends to nurture these good relations, though his staff are not quite easy in their minds whether this frank style can be maintained in the forthcoming election battle. Party headquarters too fears that "many a stereotype might easily be resurrected once the election campaign gets more acrimonious." Helmut Kohl, however, is keeping his composure. He has so grown into his office that he is totally confident of being able to avoid even such pitfalls without damage. "After all, the achievements of this coalition are there for all to see," Kohl reassures skeptical questioners.

Actually he is quite right insofar as, in its 11 weeks of government, the CDU/CSU/FDP coalition was able to hammer out a budget--something that had caused endless trouble to the old coalition. Moreover it managed to put together accompanying legislation intended to justify the new government's claim to have given the first important signals for a revival of the depressed economy. Of course nobody in the government expects these to have immediate success (for example the amendment of the landlord and tenant laws as an encouragement to housing construction). The signals themselves are assumed to be good advertisements. Other successes claimed are the decline of interest rates, the drop in inflation, the gradual return to a balanced current account.

The cabinet is particularly proud on having achieved agreement on two important issues within a few weeks of its formation. Both of these had been unsuccessfully batted around by the old coalition. One is the TA Air, designed permanently to

curb air pollution. The other success claimed is the reorganization of the conscientious objector law and alternative civilian service, an issue that had remained unresolved for 7 years.

It is obviously considered unimportant that at least the alternative civilian service amendment was hastily and poorly cobbled together. Justice Minister Hans Engelhard (FDP) feigned "dismay" when experts testifying at the hearings on the draft legislation discovered many unconstitutional clauses. The Bonn coalition also claims credit for the financial aid granted to Arbed-Saarstahl and designed to help save tens of thousands of jobs. The chancellery says almost apologetically that it had not been possible to do more in the short time available.

Even though SPD chief Willy Brandt thinks that "this government has very quickly run out of steam," he cannot deny that "this government" has certainly established itself with amazing speed in the awareness of federal citizens. According to a poll conducted by the Allensbach Institute for Demoscopy, 46 percent now believe that the change to a CDU/CSU led government will last for a considerable length of time. With the exception of the Mannheim Election Research Group, public opinion institutes concede the absolute majority to the Union. Of course this is not bound to last up to election day. Though hardly anybody believes that the FDP will get over the 5-percent hurdle, it is known that Chancellor Kohl would prefer a continued FDP presence in the government to an absolute majority.

Admittedly his composure--noted by his staff--certainly allows for the possibility of Franz Josef Strauss' return to Bonn. But they are less sure whether an absolute majority might not increase Kohl's problems with his own party. The right wing of the Union barely disguises its displeasure with some aspects of government policies. Such dissatisfaction threatens to grow louder if it should no longer be necessary to pander to FDP sensibilities.

For the time being everything is peaceful. Some of Kohl's people are indeed somewhat apprehensive about the CDU's present meekness. "They believe to be quite sure of victory," is one explanation. "The wonderful feeling of at last having their very own chancellor has silenced the party," assume others. It is a fact anyway that Helmut Kohl's position has never been more solid. Insofar he has no reason at all to fear Strauss' entry into the cabinet, because at this point there is no alternative to Kohl in the Union. Still, for this state of affairs to last, the Bundestag election will have to be won. That is going to be difficult enough.

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WEST BERLIN PEACE CONFERENCE TO ADDRESS EAST-WEST DIALOG

Conflicts in Peace Movements

West Berlin DIE TAGESZEITUNG in German 4 Jan 83 p 3

[Article by "mtm": "Russell Peace Foundation Splits Peace Movement, USSR Says"]

[Text] What are the European peace movements to do ? Should they be guided by the lowest common denominator or by the greatest common diversity ? Should they address their demands for disarmament only to NATO or also to the Warsaw Pact ? Is peace movement really a mere synonym for disarmament movement ? To be sure, the threat of nuclear war in Europe is increasing all the time. But how are the peace movements to retain their credibility, if they overlook the peace movements independent of the governments of East Europe in the interests of "diplomacy" in political life ?

In the FRG, the conflict among the peace movements has come out into the open in recent years as a result of two peace appeals: the Krefeld appeal and the Russell peace appeal. The 50 organizations gathered together in the liaison committee which signed this appeal are preparing for a second Conference on Nuclear Disarmament in Europe in West Berlin in May 1983. At the congress "for a nuclear-free Europe," an attempt is to be made to start an East-West dialog of the peace movements. The dialog is not only meant to include the government peace movements of the East European countries but also representatives of the independent East European peace movements which—as GDR writer Guenther de Bruyn once said—welcome GDR support for the West German peace movement but consider it of doubtful value as long as what is applauded abroad is not practiced at home. There has been vehement reaction coupled with stiff accusations from the Soviet Union in connection with the Russell peace committee's preparations of the conference in May. Our documentation includes a letter from the Soviet peace committee addressed to 1,500 friends of peace in Western Europe at Christmas and a response to it by Ken Coates, the secretary of the liaison committee.

Preparations for Conference

[Article by "bmm": "No Protest Marches Against the Wall Are Planned"]

[Text] Ever since plans for a second European disarmament conference to convene in May in Berlin of all places were made public, things have been rumbling in the various peace organizations in this country and abroad. Quite a few

of the organizers of the peace movement are afraid of a breakdown of the "minimum consensus" and are making dire predictions of a split in the peace movement once again.

In West Germany and in West Berlin, some were quick to call the meeting a "Rudi Steinke" or an "SPD congress" and others thought they could see the CIA in the background, supposedly playing the part of financier. The German secretariat includes Rudi Steinke, Dieter Esche and Eva Quistorp among others.

The German advisory council also includes a number of notables among them Heinrich Albertz, Rolf Bahro, Ingeborg Drewitz, Petra Kelly, Willi Hoss, head of the Daimler-Benz factory council; Mechtersheimer; Theunissen and Tugendhat, the philosophers, and Erhard Eppler.

There are two reputable organizations, however, which thus far have not said they will participate: the Sign of Atonement group, whose chairman, former bishop Kurt Scharf, does support the conference and the Gustav-Heinemann-Initiative. They are afraid above all that such a conference would lead to a deterioration of relations with the East European countries. Another critic, theologian Helmut Gollwitzer, goes one step further: he is afraid there will be a debate about the "German question"—which is an issue that makes all participants nervous.

There are reasons for that. One very reason the organizers have cited for holding the conference in Berlin is the 50th anniversary of the takeover by German fascism. "No other city in Europe gives a clearer indication of the consequences of that takeover than divided Berlin...the division of Europe into two blocs." "From this city," the organizers say, "the European peace movement is to develop initiatives aimed at overcoming the confrontation of the blocs."

But Rudi Steinke, representing the Berlin working group for a "nuclear-free Europe," resolutely denies that plans are to hold an "anti-communist conference." "We are not planning a protest march against the Wall and will not undertake anything on our part to see that something gets done on the other side," he says. The idea rather is to take advantage of "the opportunity for a wide-ranging dialog between East and West." Despite the criticism from Moscow, Steinke is confident that representatives from Poland or Hungary will receive permission to participate. Whether the Soviet Union itself will send only the official representatives who were invited—that is still open, Steinke says. He is counting on the fact that "the independent peace movement in Europe is by all accounts being taken very seriously there."

The "main bone of contention" should not be an issue, either. Aside from such issues as "the crisis of the disarmament negotiations; a nuclear-free Europe; Germany—a nuclear-free zone," the so-called International Forum I will be discussing "NATO modernization and strategies of resistance."

Soviet Peace Activist's Letter

West Berlin DIE TAGESZEITUNG in German 4 Jan 83 p 3

[Letter by Yuri Shukov, chairman of Soviet Committee for the Protection of Peace to Russell Peace Foundation: "You Are Splitting the Peace Movement in the Whole World"]

[Excerpts] 1983 is the year in which deployment of American missiles in Western Europe is to commence. For this reason, we think, this year will be an especially responsible and in a sense crucial period in the struggle against this threat to peace and European security.

At the same time, one must not overlook the fact that the adversaries of the forces of peace have intensified their activities by leaps and bounds. They are making every effort to neutralize the peace movement, to lead it astray and to guide its membership in wrong directions. Until now, the peace activists in East and West—independent of their inclinations, their movements and the organizations they represent—have always discarded their ideological differences whenever it was a matter of closing ranks in the interest of peace and disarmament. It is easy to imagine how much these joint actions would lose in the way of effectiveness, if splits and discords were to arise within the peace movements as a result of these differences.

In this connection, discussions initiated by individuals and groups are a cause for concern. In the final analysis, their aim is to split the peace movement throughout the world so as to transform the forums of the peace activists into arenas of open ideological controversy and to replace the most important task which unites all mankind—that of preventing nuclear war—by a debate about issues which have nothing to do with this task.

What in fact is it that these people have in mind? The liquidation of nuclear weapons or the liquidation of the unified, comprehensive anti-war movement which one does not belong to in East and West because one is "anti-government" or "pro-government" but because of its anti-imperialist and anti-militarist character?

As we know, full-scale preparations for the second convention in West Berlin in May 1983 are presently going on. We believed that the organizers would conduct a thorough analysis of all negative aspects of the Brussels meeting and would on that basis work out more democratic, more politically balanced and more responsible groundrules for the upcoming conference. In such a case, the Soviet social organizations—which are dedicated to the basic desire of all peace activists for working together—would be prepared to participate in the preparations and the execution of this congress. For this reason, we welcomed the proposal to hold consultative meetings with representatives of the West Berlin working group for a nuclear-free Europe which has overall responsibility for the preparations for the second conference.

Our conversations in Moscow in October 1982 with J Graefls, W Grunewald, G Gummlich, T Schweisfurth and R Steinke of the West Berlin working group for a nuclear-free Europe offered further proof of the fact that an attempt was being made to distract the peace-loving public from the main source of the deadly threat posed against the peoples of Europe--the plans for stationing a new generation of nuclear missiles in Europe in 1983. It became obvious that the inclusion of the issue of the struggle for a nuclear-free Europe is of a formal nature and represents a concession to the true mass movements of anti-war activists who protest against the deployment of the new American missiles.

The leading personages of the Russell Peace Foundation and the movement for European nuclear disarmament are for some reason hiding another significant fact from view. In their familiar appeal of 28 April 1980 calling for European nuclear disarmament--which serves as the political platform for the conference--the authors made both sides, that is to say the East and the West, equally responsible for the existing tensions and asked both the United States and the USSR to withdraw all nuclear weapons from Europe. The USSR, it was said, should among other things stop production of its medium-range SS-20 missiles and the United States should revoke its decision to station cruise missiles and Pershing II's in Western Europe. Both of the big powers were also asked to ratify SALT II.

In the meantime, the position adopted by the USSR and the United States on these issues has become pretty clear. The USSR proposed a genuine zero option calling for the removal of all medium-range and tactical nuclear weapons from Europe. The Soviet Union has stopped deployment of medium-range missiles aimed at targets in Europe and even went so far as to initiate a unilateral reduction. The USSR has unremittingly called for the ratification and implementation of SALT II. And finally, the Soviet Union came out with an historic initiative by obligating herself not to be the first to use nuclear weapons.

The United States, for its part, has adopted a contrary position on all these issues, thereby brushing the demands of the forces of peace aside.

The leaders of the Russell Foundation and of the movement for European nuclear disarmament are making it appear as if they knew nothing of all this and are continuing to hold to their premise of "equal responsibility." We are firmly convinced of the fact that this premise serves to mislead and thereby to weaken and undermine the peace movement and that it is aimed at justifying the aggressive, militaristic policies of the United States and of NATO.

It has turned out that the conference organizers wish to place the so-called "German question" on the agenda and in this manner to raise doubt in the inviolability of the European postwar borders and to violate both the spirit and the letter of the Helsinki Final Act. We find it impossible to look upon such political maneuvers as anything but attempts to undertake a revision of familiar treaties concluded by the FRG and its neighbors as well as of the status of West Berlin.

Nor is it an accident that the working group has made plans for a symposium next June in West Berlin on the occasion of the 30th anniversary of the failure of the counterrevolutionary coup against the GDR in 1953.

When asked about the participation of the peace committees of the socialist countries, the representatives of the West Berlin working group made it abundantly clear that this issue could to all intents and purposes not be resolved within the framework of the liaison committee. How then do they propose to initiate an East-West dialog at the conference? They have told us that they plan to extend personal invitations to some personages of their own choosing in the socialist countries as "private individuals" and to extend mere observer status to them. This proves to us that the conference organizers are afraid of genuine opponents and that they therefore wish to exclude the legitimate popular representatives of the Soviet Union and the other socialist countries so as to be better able to conduct anti-socialist propaganda.

We feel that the thrust of the conference as envisaged by the organizers and the way it is being prepared tend to make a true and promising European dialog impossible—one that would promote joint action by the forces of peace and that would be so badly needed in the present unsettled state of international affairs. On the contrary—this can only act as an incentive to the "cold warriors" to sow discord among the anti-war activists in Europe so as to halt their advance. It is self-evident that we will not participate in this questionable enterprise.

Liaison Committee Secretary's Response

West Berlin DIE TAGESZEITUNG in German 4 Jan 83 p 3

[Open letter by Ken Coates, liaison committee secretary: "Andropov, 1982 Man of Disarmament"]

[Text] Mr Andropov assumption of his new post has created a number of new and positive developments in the nuclear debate. It is inexcusable for the Western leaders to turn down without even seriously examining it the proposal to reduce Soviet medium-range missiles by two-thirds or more. A firm commitment to renounce first use of conventional weapons as well should certainly be viewed as a reasonable as well as invaluable confidence-building measure. Detente without China will remain an unreal proposition. For all these reasons, Yuriy Andropov should probably be named the "1982 Man of Disarmament."

Of course there are still some people who believe that the Western peace movements are agents of Moscow. They probably have that marked down in their log books. The Russell Foundation, at any rate, keeps a different kind of log.

In his letter, Mr Yuriy Shukov, the president of the Soviet peace committee, accuses us of aiming to confuse, demobilize and undermine the anti-war movement and to justify the aggressive, militaristic policies of the United States and of NATO.

The Berlin conference will bring together most, if not all, of the independent peace movements and we must insist on their having a right to follow their own agenda without having to ask other groups for permission which are beholden to one of the parties concerned. Of course all peace movements will wish to speak with representatives of the Soviet and East European peace movements even though they will be supporting the policies of their respective governments. Mr Shukov says we are "afraid of genuine opponents appearing" at our meetings. But he has already received an invitation to the Berlin conference on the same basis as all the other peace movements which supported the original call for European nuclear disarmament in April 1980. Speaking for the Russell Foundation: we would welcome a debate with Mr Shukov in any appropriate forum or would also exchange views with him in writing.

Those who support European nuclear disarmament and will be meeting in Berlin are not trying to favor or to discriminate against either of the superpowers because they know that a bloc-free, nuclear-free Europe has to live on friendly terms with both.

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POLITICAL

GREECE

AMERICAN SCHOOL CHARGED WITH PROBABLE ILLEGAL ACTIVITIES

Athens ANDI in Greek No 220, 10 Dec 82 p 15

[Text] The American College (Deree College) of Athens has been transformed into a center for the support of U.S. paramilitary activities. The "college" has gone beyond the traditional cultural penetration—that is accomplished by all similar American educational institutions—and perhaps in view of the second phase of negotiations for the bases, it organizes "evenings" for the purpose of propagandizing the American views and public relations with Greeks, government officials and politicians.

Such an "evening" took place a month ago on the occasion of a visit to Greece by five American senators. Specifically, on 8 November many Greek daily newspapers published the following item without comment:

THE PRIME MINISTER MET WITH AMERICAN SENATORS

The prime minister, A. Papandreou, exchanged views with a group of American senators who are in Greece on subjects which concern the Middle East, the Cyprus question, and the Aegean.

The group of American senators that was accompanied by U.S. Ambassador M. Sterns, included M. Andrews, H. Jackson, J. McLure, Fr. Murkowski, and T. Stevens.

There was a reception that night at the American College at Agia Paraskevi that was attended by Deputy Minister of Greeks Abroad As. Fotilas, deputies, Ath. Tsaldaris, G. Apostolatos, N. Anagnostopoulos, A. Zaimis, G. Tzitzikostas, N. Venizelos and Emm. Kothris and others.

Of course the meeting between the senators and the premier and the presence at the reception of the official responsible for affairs concerning Greeks abroad, Deputy Minister Fotilas, or the presence of the Greek deputies were entirely natural, and perhaps are required by diplomatic rules.

What the Greek politicians evidently did not know was that the reception at Agia Parakevi was kept secret from most of the professors and students of the college of whom a few were invited while others were kept out of it. The most important thing, however, was that the senators were not the only

representatives of the American Mission. There were also military experts and an attempt was made to keep their names secret. Among others, there were Dorothy Fodrich (special adviser on U.S. National Security matters), Russel Baihe (an alternate secretary of the U.S. Defense Department), Creens Howard, and others.

The "boss" of the reception was the ever present John Baily, president of the college. Baily has been repeatedly accused of being a CIA agent many times and is involved in the Greek American Union affair. He is under fire by the professors and those who work for the union who went through a long strike last year and occupied the privately owned building of the school (see ANDI No 202). Even nicknamed "General Tatsios" attended the reception. He is a retired colonel of the Greek army and goes back and forth between the college and Ellinikon [Airforce] base where, he brags, he can go in any time he wishes. He declares he is a "bosom buddy" of PATTAKOS and Papadopoulos and teaches Russian history at the college!!!

What exactly was said during the secret evening of 8 November was not made known. Baily and other "friends" at Ellinikon Airbase are lately "worried" about the course of the negotiations on the basés. We do not know if they also are worried about the fate of the "American College" since PASOK had announced its abolition before the elections.

Another fact that dictates the closing of all similar institutions is the financing of Deree College by AID (Agency for International Development). This agency--known also from K. Gavra's film about a state of siege--has been accused in the past for training police officers from other "allied" countries in modern torture methods.

The evidence supporting these charges was unshakable and compelled the American Congress to "freeze" AID activities for a while. It must be noted that all those who know the method of operation of the American secret services consider AID to be the legal face of the CIA. AID has offices in the police headquarters of most Latin American countries. This probably is not true in Greece, at least at the present time, and so AID gives its funds to Deree College. We wonder if the Greek ministers and deputies who "honored Baily's reception with their presence" knew about all this?

9346
CSO: 3521/128

PAPER VIEWS OUTLOOK FOR COUNTRY IN ELECTION YEAR OF 1983

Reykjavik MORGUNBLADID in Icelandic 31 Dec 82 p 14

[Editorial: "At the Beginning of an Election Year"]

[Text] The Icelandic people now stand at the beginning of an election year. Whether the Althing is dissolved sooner or later, it is clear that there will be an Althing election during the year 1983. Although the term of the Althing is still not completed and the life of the present government is still not at an end, it has long become clear to all the people of Iceland that this government, which has been in office for scarcely three years, is one of the least successful since 1904 when an Icelander was first prime minister. These are harsh words, but not harsh enough in view of how badly the government has performed in all areas, not the least in economics.

Geir Hallgrímsson, chairman of the Independence Party, says in a new year's article in MORGUNBLADID today: "It is right to insist that the government comes to a decision about the elections and takes the lead in calling them. It matters little whether some ad interim government takes control or the present government continues as an effective government until after the elections."

It is safe to assert that there is no optimism among those Icelanders who take an interest in their country and that many individuals see in fact the abyss before them as the year begins. Those who now have ministerial powers in Iceland have not shown any way out of our problems and are short, in fact, of both Althing support and the guts to deal with them.

Few men have had greater or longer experience in dealing with the various problems that must be wrestled with in government Iceland than Dr. Johannes Nordal, head of the Icelandic Central Bank. In a recent lead article in FJARMALATIDINN he characterized the mood of the Icelandic government in the following terms: "Instead of coming to grips with the problems as a whole people prefer to steer under the swells and attempt to avoid wallowing in the waves by dealing with the issues separately. Although such endeavors are, to be sure, better than nothing, and help for a while, there is the danger that we will get off course quickly, miss the main goals and that a new disorder will arise immediately and go beyond what has been the case before. All of this may happen in the Icelandic economy in the future."

It is certainly not encouraging to begin a new and difficult year under the leadership of men who prefer to run under the swells when help is lacking, rather than turning into the waves. For that they lack concerted action, courage and perspicacity. Dr. Johannes Nordal says, in his article, that the severe inflation is a major cause for the stagnation which currently prevails in the Icelandic economy and he expresses it this way: "The question will become more and more insistent as to whether or not it will be an absolute necessity for Iceland to break out of the inflation spiral through, among other things, abrogation of the entire automatic value improvement system for wages and prices that has been with us for a decade or so to one degree or the other."

Views on this will emerge during the election struggle, although this issue, to be sure, is an emotional one. The latest parodies at economics management are the so-called base wage improvements that have been supported by the government and are intended to be a balm for the wounds of the 1 Dec wage cuts. Opposition to these measures is being heard in every part of Iceland -- they are as ill-conceived as anything else the government has done.

The injustice in Iceland increases with each passing day. In an open letter sent by Thorunn Christiansen, single mother of five children, to Minister of Finance Ragnar Arnalds and published in MORGUNBLADID on Tuesday, it is stated, among other things: "No one has hitherto thought to boast in Iceland of accepting charity and I am not completely demented when I think that I, in all my weakness, will later become one of the pillars of the nation. In the hope that my contribution (my not receiving a minimum wage hike) will help the nation and prevent it from being deep in debt with every great power, I wish you a happy new year."

Thorunn Christiansen said that she was so fortunate in being in a position to hope to see the light at the end of the tunnel while she was still alive, even if it is sometimes a little small -- this has gotten her over many difficulties. Her loan has been a great help to the Icelandic people. The light at the end of the tunnel has not increased much in national government during this year, now coming to an end. However, next year we intend to better things through general elections. In the hope that such will be the case, MORGUNBLADID wishes its readers and all Icelanders a happy new year.

9857
CSO: 3626/21

POLITICAL

NETHERLANDS

DEBATE ON MOSCOW'S INFLUENCE IN PEACE MOVEMENT

Charge of Soviet Influence

Rotterdam NRC HANDELSBLAD in Dutch 14 Dec 82 p 7

[Article by J.A.E. Vermaat: "Peace Discussion Directed and Financed by Moscow."]

[Text] On Thursday 16 Dec, Members of the Chamber Joris J.C. Voorhoeve (VVD [People's Party for Freedom and Democracy]) and Aat H.D. Wagenaar (RPF [Reformatory Political Federation]) will question Minister of Internal Affairs J.Rietkerk on "the hidden factor in the Dutch discussion on nuclear arms." That interview will deal, amongst other things, with a BVD [Internal Security Service] report which leaked out and which has the above-mentioned subject as its title. From that report it is said to be clear that the International Branch of the Communist Party of the Soviet Union (ID-CPSU) and the pro-Soviet undercover entity under it has had deep involvement with the discussion on the neutron bomb and nuclear weapons taking place in our country.

Since the BVD report in question never came into my possession, I can only go into the parts which were quoted in the media (in chronological order: THE DAILY TELEGRAPH, DE TELEGRAAF, TROS-ACTUA and ZWEITES DEUTSCHES FERNSEHEN) with respect to the report itself.

It is an established fact that the current minister of internal affairs won't be able to dismiss this matter as easily as did his predecessor, Van Thijn. When the latter was orally grilled last year by Member of the Chamber Wagenaar on the [external] steering of the Dutch peace movement claimed in American reports, he answered that "for allusions made recently, which also come through in the questions of the honored representatives, no proof, neither hard as nails nor soft as butter, exists in the case of the IKV [Interchurch Peace Council].

With that, the minister implicitly indicated that the Dutch peace movement does include groups for which nail-hard or butter-soft evidence for Soviet involvement can indeed be found. For that, one doesn't even need access to the internal documents of the BVD. It is no secret that the action against the neutron bomb was initiated from within the CPN [Communist Party of the Netherlands], in close consultation with communist sister parties in the East and West and the Soviet undercover entity. In the East German party publication "NEW GERMANY" of 24/25 December 1977 one can read, for example, that the president of the World Peace Council, Romesh Chandra, had discussions that month with the initiative group

against the neutron bomb, with which the IKV cooperates closely on a regional and national level.

World Peace Council

From declassified documents of the American Intelligence Service, CIA, it is known that this World Peace Council was very deeply involved in the peace discussion in West Europe during the period 1977-79. The whole action against the neutron bomb, which started with a "Statement" by the Soviet Press Agency, TASS, on 30 July 1977, was to a considerable extent stimulated and guided by the International Branch of the CPSU of which Boris N. Ponomarjev was the head and Vadim Zagladin the acting head. This ID-CPSU provides guidance for a total of 13 pro-Soviet undercover organizations which annually receive a minimum of 63 million dollars from the Soviet Union.

On the surface the communist character of these organizations may not always be recognizable. One of the organizations, for example, is the Christian Peace Conference (CFK) in Prague which is being used by the CPSU to lead the discussion in the churches and the ecumenical movement into a direction which benefits Soviet policy. The fact that communist parties use religious organizations is, in itself, not new. Practically all the East European specialists admit that the Eastern Orthodox Church is used by the Soviet regime for propaganda and foreign political objectives.

What was stated already in 1971 by the former Eastern Orthodox Patriarch Alexej, namely that the church supports the peaceloving policy of the state, has been repeated many times by his successor, Pimen. Thus Pimen, shortly after his appointment on 18 December 1972, declared in a telegram to the then Premier Kosygin: "By actively having participated in the peace movement from the beginning, the Eastern Orthodox Church has supported the policy of the Soviet Union with all the means at its disposal. Its voice is heard through its representatives who make pronouncements during various international and inter-religious forums for peace and security."

To what extent that is true was experienced last May by IKV representative Wim Bartels at a congress organized by the Eastern Orthodox Church. The latter plays a dominant role in the CFK and also has contacts with peace movements operating in our country (primarily Pax Christi). Further this church maintains friendly relations with the National Council of Churches in the United States, which has a strong leftist orientation.

Contacts

The International Branch of the CPSU is not only charged with the leadership and guidance of a large network of undercover organizations, but it also maintains contacts with sister parties in the non-communist world. Primarily the International Branch and the East German Socialist Unity Party were behind the declaration of 28 communist parties on 8 August 1977 in which "the barbarian character of the neutron bomb" was denounced. Persons in the Dutch peace movement have also had extensive contacts with representatives of the International Branch.

In an interview in the Vienna ARBEITER ZEITUNG of 21 May 1982, Zagladin says that all Soviet participants in the peace demonstrations in Vienna, Amsterdam or Brussels were paid by the Soviet peace fund. Even though a Dutch minister in parliament dismissed any reference to Soviet involvement and interest in the Dutch peace movement as "smear campaigns," the Soviets themselves are honest enough to admit that they do indeed have active dealings with that peace movement, including financial.

In a publication of the World Peace Council, NEW PERSPECTIVES (1982, #3), the vice chairman of the Soviet peace fund, Maslin, contributes his little bit by stating that campaigns against nuclear arms are financed partly through his fund -- and he was not only referring to "demonstrations" sanctioned by the state in the Eastern bloc. Why should we deny what the Soviets (implicitly) admit themselves?

More important than the financing of a few activists or groups within the peace movement is the organizational and political guidance through the 13 pro-communist undercover organizations, of which the World Peace Council is the most important. This World Peace Council is continuously organizing large and small peace demonstrations which are also "often" attended by representatives of Western peace movements. The political line which is pursued at this type of demonstration is that of the Eastern bloc. One cannot complain too much about Poland there, and support is given to "a week of solidarity with the people of Afghanistan." Not the rebels are meant by "people," but those who support the Soviet occupier. And there are no countries in which human rights are more respected than in Ethiopia or Vietnam -- in spite of religious persecutions or boat refugees.

A great part of the Dutch peace movement does not agree with that political line, of course. Only, the problem is that that does not stop the peace movement from being influenced. Also in the peace movement in our country there are people who align themselves behind what is said and avowed in East Europe. Otherwise why would various members of the Second Chamber have been approached -- sometimes successfully -- by Bulgarians this year about attending "peace congresses" in Bulgaria, organized by a party which doesn't have the word communist in its name but which is indeed 100 percent communist: the Bulgarian Agrarian Party? Further there is the group "Generals for Peace" about which many questions can be asked. One "general for peace," Francisco da Costa Gomez, is even vice chairman of the World Peace Council. Another, Nino Pasti, is seen as the show piece of this organization. In September 1980 he gave a talk in Woudschoten to a congress of local groups against nuclear armament, including the IKV. And our general B.D. von Meyenfeldt, together with his spouse, regularly travels around in Eastern Europe and gives controversial interviews to, for example, RUDE PRAVO.

Now that the CPN has clearly changed course and orientation, the Soviet involvement with the peace movement in our country will perhaps decrease a little. However, at this moment there is no certainty of that or indications toward it. Lenin already admitted that there are leftist pacifists who can be used as hangers-on -- fellow travelers --, but from whom it must also be expected that, when it is a matter of fundamental questions, they will march against us.

Reply of Pax Christi Leader

Rotterdam NRC HANDELSBLAD in Dutch 20 Dec 82 p 7

[Article in "Discussion Column" by Guy Dilweg, Secretary-General of the Roman Catholic peace movement Pax Christi Netherlands in The Hague: "Pax Christi Contact with East Europe is Investing in the Future."]

[Text] The headline was very promising: "Peace Discussion Directed and Financed by Moscow." It was in NRC HANDELSBLAD of Tuesday 14 December as an eye-catcher for an article by J.A.E. Vermaat. I know him. As a representative of the Roman Catholic church, I was part of the IKV [Interchurch Peace Council] delegation which had a discussion on 26 October with the Interchurch Committee on Bilateral Disarmament (ICTO). Vermaat was with the ICTO delegation as advisor or expert. He stole my heart right away. Several times during the discussion he managed to tell salient details about points in time and persons. Almost apologetically he would add every time that he was able to do that because of his little charts.

From earlier articles by Vermaat, I could have learned already that he is very clever at tying together a number of charts. If you put together a number of paragraphs about East-West contacts of the peace movement, and in front of those you put a little piece about possible Soviet involvement with the nuclear arms discussion in the Netherlands, with at the end a pretty quotation by Lenin about leftist pacifists as useful hangers-on, then you have an article. An article which doesn't tell any lies, but which does suggest certain links.

Vermaat's article also refers to contacts which supposedly exist between the Eastern Orthodox Church and Pax Christi. That's correct. Does that mean that the international Roman Catholic peace movement, still under the leadership of Cardinal Alfrink, is caught in the net of soviet propaganda? Not at all! Then what does Pax Christi want with the Eastern Orthodox Church? That's what I should like to discuss briefly.

When Cardinal Alfrink was elected international president of Pax Christi in 1965, there were strong tendencies in the movement to internationalize the peace work. Pax Christi existed primarily in the West European countries and felt the need to get more insight into East-West relations and into the reasons behind the distrust and the mutual armament. The German Pax Christi had already developed numerous contacts -- from the idea of reconciliation -- with Poland, but that was not enough. In searching for possible partners in East European countries, particular thought was given to the Christian churches. Although citizens of East- and West Europe have many common interests with respect to detente and the driving back of the all-embracing threat of the nuclear arms race, Pax Christi thought that the best basis for a penetrating discussion existed in the churches. Partly due to the encouragement of Monseigneur Gremillion (the then secretary-general of the papal Justitia et Pax commission), thought was given to the largest East European church, the Eastern Orthodox Church. Carel ter Maat, at that time the international secretary of Pax Christi, went to work on that energetically, but only after having sounded out the existing church contacts in East Europe. Thus, for example, the then Cardinal Woityla and Cardinal Kominek thought it to be a good initiative, also from their position in East Europe.

When later on the leaders of the Eastern Orthodox Church also turned out to be pleased by the proposal for more or less structured contacts, nothing else stood in the way of initiating the dialogue. Pax Christi stipulated a clear distinction between these contacts and the types of discussion held by the Eastern Orthodox Church with East European Christian peace movements such as the Berlin Conference and the Prague Peace Conference. The Eastern Orthodox Church agreed to that. This was important in order to separate the contact between the independent international Roman Catholic peace movement and the Eastern Orthodox Church from the other discussions and thus to prevent confusion or the crossing of lines.

Father Doedko

During a series of discussions which were held alternately in the West and in the East, sufficient trust grew in the dialogue to attack difficult issues also. These were preceded by a patient search for common Christian points of departure. Notable in any event is the fact that the discussion partners of the Eastern Orthodox Church proved to be increasingly willing to accept the critical attitude toward their society, just as Pax Christi has done that with respect to Western society. And this concerned their Soviet armaments as well as the lack of religious freedom and abuse of human rights.

It has also become clear, however, that the Eastern Orthodox Church is working in a more difficult situation than, for example, the churches in the West. For example, after the death of Metropolitan Nikodim (1978), his successor Pimen turned out to adopt a much more wait-and-see attitude. Pax Christi finds it understandable per se that the Eastern Orthodox Church is under less pressure from the Kremlin when contacts with groups such as Pax Christi remain limited, but actually, the mutual contacts have increased in number and intensity. One aspect which played a role for Nikodim was that through Pax Christi he could strengthen the contact with the Roman Catholic Church.

After a period of marking time, however, there was still a great deal of enthusiasm on the part of the Eastern Orthodox Church to continue the discussion with Pax Christi. A series of workshops and seminars was held in 1980, amongst others on Human Rights and on the Theology of Peace. In the discussion on Human Rights, for example, Pax Christi inquired about Father Dimitri Doedko, a priest of the Eastern Orthodox Church who had been arrested and who had appeared on Soviet television right before the Olympic games to confess that he had damaged his church and the Soviet Union. Metropolitan Juvenaly gave frank information on the "Doedko matter," and to the great surprise of the Pax Christi delegation Father Doedko was invited to the final banquet. Matters such as the invasion in Afghanistan and the buildup of Soviet nuclear arms proved to be discussible.

Spectacular results? No, not quite. Pax Christi sees its contacts with the Eastern Orthodox Church as an investment in the future. With patience and persistence, understanding of mutual standpoints seem to be increasing and, in particular, more frankness and mobility seems to be possible within the Eastern Orthodox Church than had been imagined before. Pax Christi clearly prefers this laborious manner of bringing Christians in East and West closer together over abandoning "detente" and turning to an increase in arms.

This and much more is behind Vermaat's casual little remark on contacts of the Eastern Orthodox Church with Pax Christi. Thus this story can also go into one of those little charts. Pax Christi has a brochure available for those who want to know more about it, which can be ordered for 2 guilders including postage. Telephone # 070-631931.

8700
CSO: 3614

TWO MILLION KRONER TAKEN FROM FORCES FOR DISARMAMENT STUDY

Copenhagen INFORMATION in Danish 17 Dec 82 p 11

[Article by Jørgen Dragsdahl]

[Text] The Security and Disarmament Policy Committee has had its budget for the coming year nearly doubled after the adoption by the Folketing last Wednesday of the transfer of 2 million kroner from the Information and Welfare Service of the Armed Forces.

The committee has not yet considered how to use the money, but several members of the executive board now consider it possible for the Security and Disarmament Policy Committee to start its security policy research. From political quarters it has been a particular wish that the Security and Disarmament Policy Committee prepare information material which is more easily accessible and more varied than the material hitherto produced by the Armed Forces.

The budget of the Security and Disarmament Policy Committee for 1982 after various adjustments amounted to 2,988 million kroner and for 1983 the budget was put at 3 million kroner prior to the new extra grant. In the course of 1982, the committee has distributed 286,000 kroner to peace policy groups, a few researchers and other security policy activities. To this comes the committee's own publication activity which, so far, has merely consisted in an analysis of the possibilities of a nuclear-free zone in the Nordic countries and an annual report with topical security policy articles. A pamphlet with foreign contributions to the debate on the use for the first time of nuclear weapons is on its way.

Too Lightly

Within the Information and Welfare Service of the Armed Forces it is not known what the consequences of the cutback will be, says R. Watt Boolsen, director of the Information and Welfare Service of the Armed Forces.

"I find it incredible how they can take 2 million kroner when we have only used 868,000 kroner on the written activity with which they apparently are dissatisfied," he says. The minister of defense has stated that the Information and Welfare Service of the Armed Forces spends 3.4 million kroner on outward activities, and that has been the basis for the cut. This amount includes costs of wages, rent, exhibition activities and the production of films.

It is my impression that the politicians have handled the matter somewhat lightly, but that, of course, is not an unusual thing in politics where objectivity plays no role," R. Watt Boolsen says.

Jytte Andersen of the Social Democratic Party claims that the latter statement is "inadmissible for a government employee." She adds that "the statement underlines the fact that we have made the right decision."

Jytte Andersen was the spokesman of the Social Democratic Party when the Committee on Education, earlier in the year, recommended that a certain amount be transferred from the Information and Welfare Service of the Armed Forces to other security policy information activity. Since then, her fellow party member Knud Damgaard has become chairman of the committee which supervises the activities of the Information and Welfare Service of the Armed Forces. He wanted for the money to remain within the Information and Welfare Service of the Armed Forces. Jytte Andersen says that if the Social Democratic group had believed that he would be able to have his views adopted by the Information and Welfare Service of the Armed Forces, they would not have agreed to the cut.

"But we have had a lack of confidence in the bureaucratic machinery which has safeguarded the hitherto one-sided militant information activity," says Jytte Andersen.

Information and Welfare Service of Armed Forces May Apply

Knud Damgaard confirms that he would have preferred for the money to remain within the Information and Welfare Service of the Armed Forces, and he states that R. Watt Boolsen presented a plan to change the information activity. But after a meeting within the committee of the Information and Welfare Service of the Armed Forces it was Knud Damgaard's impression that a change could not be carried through, and that is why he has supported the transfer of the 2 million kroner to the Security and Disarmament Policy Committee.

R. Watt Boolsen says that "our definitely successful information activity will probably be discontinued now." To this, Knud Damgaard says that the distribution and the use of the materials of the Information and Welfare Service of the Armed Forces may, indeed, be described as a success, but a more varied and up-to-date activity is needed. "One should not continue to adhere to the ways of presenting problems of the fifties and sixties," Damgaard says. He expects the question to be taken up by the committee set up by the parties backing the defense compromise, but he does not believe that the cut will mean that the information activity of the Information and Welfare Service of the Armed Forces will have to be discontinued. It is his hope that the Information and Welfare Service of the Armed Forces may succeed in applying to the Security and Disarmament Policy Committee for a continued but also more varied information activity.

Professor Bjarne Nørrestrand, who is a member of the Security and Disarmament Policy Committee, says that he "will not be happy" if conditions are attached to the 2 million kroner. At its establishment, the Security and Disarmament Policy Committee was ensured considerable independence.

Nørrestrand says that it has often been the feeling within the Security and Disarmament Policy Committee that they could use much more money. They have, in particular, lacked means for serious research projects. He says that there are many unemployed university graduates who are extremely eager to start doing research work, but the present rules for the unemployed do not make it possible to give them a minor amount at the same time as they cash their unemployment benefits. Even if the 2 million kroner is a large amount compared to the present budget of the Security and Disarmament Policy Committee, inroads will quickly be made into the amount if part of it will have to go to regular salaries.

Jytte Andersen says that the Security and Disarmament Policy Committee will have to look at the purpose of the new grant, as described in the report of the Committee on Education. "The Security and Disarmament Policy Committee may not spend the money on all kinds of things," she says. "It was not just research that we had in mind. There is a need for Denmark to live up to the final resolution of the United Nations disarmament conference in 1978 where the significance of educational material on disarmament was stressed. The complaint against the material of the Information and Welfare Service of the Armed Forces is that it is not readily accessible to students, and that it is too one-sided. I am also certain that lots of peace organizations have ideas how to perform major information activity if the means are available. Now, they have to submit proposals to the Security and Disarmament Policy Committee."

"There has been a good balance in the distribution by the Security and Disarmament Policy Committee of its means, and that is the reason why the money has gone to the Security and Disarmament Policy Committee."

As mentioned earlier, the Security and Disarmament Policy Committee has distributed 286,000 kroner this year. A large amount has gone to the UN committee, which has published much information material. One of the most recent grants is of 19,000 kroner, which will go to a book on the UN disarmament conference held earlier in the year. Funds have moreover been granted for security policy hearings arranged by peace groups.

Other recipients include the North Atlantic Treaty Organization, which has received 10,000 kroner for a pamphlet, describing the political parties' views on NATO. Jan Øberg, peace researcher, has been given money for a book, and Huge Gårdn, journalist with RITZAUS BUREAU, has received 12,000 kroner for a similar purpose. Funds have also been granted for an analysis of the security policy aspects in connection with Denmark's economic dependence on foreign countries.

7262
CSO: 3613/42

MILITARY

DENMARK

BRIEFS

GDR MIG-25 VIOLATION PROTESTED--The Ministry of Foreign Affairs has lodged an official protest with the embassy of the German Democratic Republic in Copenhagen because an East German military aircraft about 1 month ago entered Danish air space without permission. It is reported to be a question of a Soviet-made MIG-25 fighter aircraft, which, at a height of approximately 20 kilometers, flew over the Vordingborg area at a very high rate of speed and in a curve, suggesting that the pilot had overestimated the maneuverability of his aircraft. [Text] [Copenhagen AKTUELIT in Danish 17 Dec 82 p 2] 7262

CSO: 3613/42

MILITARY

FRANCE

TRIALS/RESEARCH SHIP 'TRITON' MAKES PORT OF CALL IN TUNISIA

Port Activities

Paris COLS BLEUS in French No 1735, 11 Dec 82 p 10

[Exceprts] In October and November 1982 the BIESM [probably, Underwater Operating and Exploitation Vessel] [trials/research ship] "Triton," reinforced by the mythological teachings of its illustrious godfather, sailed to the waters of southern Tunisia and called at Gabes. It was the first time that a craft of the French Navy put in at that city's port. Indeed, Gabes used to be merely a small fishing port where only shallow-draft vessels could enter. A few years ago an important port and industrial complex were created there and henceforth ore carriers and large vessels can dock.

An unexpected mission was waiting for us as soon as we sailed [after our call at Gabes]. Indeed, violent storms lashed this region, especially Sfax where waterspouts caused sizable floods and the death of several persons. A message requesting possible assistance caused the "Triton" to sail to Sfax to place its capabilities at the disposition of the local authorities--an initiative that was highly appreciated by the Tunisian Government. However, the resources of the "Triton" not being suitable to face such a cataclysm, Sfax's governor, after expressing his warm gratitude, had to decline the offer. And the "Triton" sailed north to La Spezia where its Italian diving friends were waiting for it.

Cross-Section Diagram of Ship

Paris COLS BLEUS in French No 1735, 11 Dec 82 p 11

[Text] In service since 1970, the "Triton" is the first vessel of the French Navy that is entirely designed and built for underwater operations. As the mother ship for deep diving, capable of using every means of underwater observation, operations, and assistance of the French Navy, the "Triton" can also participate in underwater rescue.

A Deep Diving Tower

Hooked to a multichamber hyperbar caisson, this tower, a genuine "divers' elevator," is designed for use by divers down to a depth of 250 meters.

An Action Submarine

The "Griffon," a small 13-ton submarine about 8 meters long, manned by a crew of three, [and carried in the hold of the "Triton"], is able to execute exploration and assistance operations up to a depth of 600 meters. Equipped with a sonar, projectors, a television camera with magnetoscope and underwater photographic equipment, it also has two articulated handling arms. To date the "Griffon" has made over 500 dives. It has accomplished numerous operations for the French Navy, naturally, but also on behalf of various military or civilian organs (the Mediterranean Testing Center, GERDSM [Underwater Study and Research Group], CEPSM [Underwater Operations and Projects Center], ECAN Saint Tropez [Naval Construction and Arms Enterprise, Saint Tropez], the Ministry of Environment, etc.).

Miscellaneous Equipment

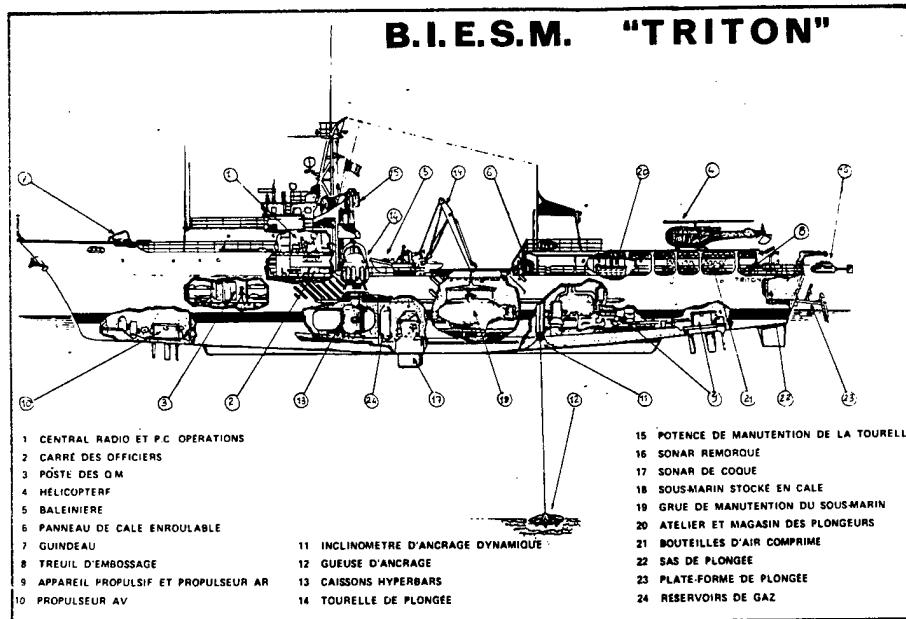
Besides these principal facilities, the "Triton" can use the Eric, a tele-guided robot, a Galeazzi observation tower, a revolving underwater camera, and a MacCann underwater rescue tower.

No Rudders or Propellers

So that it may be able to remain in one position in extremely precise fashion to allow the operations of deep-sea divers, the "Triton" is equipped with a dynamic anchoring system. A line touching the bottom of the ocean is maintained at a constant angle thanks to a captor which measures this inclination and feeds the data into a computer which activates two Voith Schnieder engines. These power plants, located fore and aft, are engines using vertical blades which can be revolved to provide thrusts in every horizontal direction to the craft.

This arrangement serves both for propulsive and steering purposes.

Its characteristics, the means that it uses, the type, the diversity, and the concrete nature of the missions entrusted to it make the "Triton" an original craft with diversified and never monotonous assignments.



Key:

1. Radio room and operational command post
2. Officers' wardroom
3. Engineers' station
4. Helicopter
5. Lifeboat
6. Retractable hold panel
7. Windlass
8. Winch for mooring broadside on
9. Aft power plant and steerage
10. Fore steerage
11. Dynamic anchoring inclinometer
12. Kentledge anchor
13. Hyperbar caissons
14. Diving tower
15. Tower handling gantry
16. Towed sonar unit
17. Hull sonar unit
18. Submarine stored in hold
19. Submarine handling gantry
20. Divers' workshop and store
21. Compressed air bottles
22. Floating diving chamber
23. Diving platform
24. Gas containers

2662

CSO: 3519/215

MILITARY

FRANCE

'CLEMENCEAU' MAINTENANCE COMPLETE, SHIP STOPS IN MOROCCO

Paris COLS BLEUS in French No 1737, 25 Dec 82-1 Jan 83 p 25

[Article by R. Guillemin: "The 'Clemenceau' and the 'Duquesne' in Morocco"]

[Excerpt] From 21 November to 6 December 1982 the aircraft-carrier "Clemenceau" was engaged in a mission involving a 5-day call in Casablanca. This voyage at sea represented an event on a number of scores. Indeed, after several months of maintenance and trials, the "Clemenceau" took to the open sea, equipped as an aircraft carrier. Rear admiral Klotz, commander of the group of aircraft carriers and shipborne aircraft, flew his flag on board.

On the morning of 21 November, then, the "Clemenceau" sailed from Toulon accompanied by the frigate "Duquesne" and headed for Casablanca. The flotillas, made up of Alize, Etendard, Crusader, Lynx, and Alouette-3 aircraft and helicopters promptly landed on the flight deck. The aircraft carrier passed through the Strait of Gibralter and at dawn on 23 November the two ships met a second group from the Mediterranean squadron which had sailed from Toulon heading for Dakar only a few hours before the "Clemenceau" had pulled anchor. The group was made up of the "Foch," "Suffren," "Dupleix," "Meuse," and "Ouragan." Soon these vessels were joined by the "Duguay-Trouin" and the "Casablanca" from the Atlantic squadron. Nine surface vessels, including two French aircraft carriers, met for refueling and the traditional family photo. Several helicopters in flight completed this majestic tableau which COLS BLEUS has already published. After separating, the various craft engaged in numerous tracking, mutual attack, and air defense exercises. We could see Casablanca through our binoculars on the morning of the 17th [as published]. The day before the sea was heavy enough to render air exercises difficult: The rest was thus well deserved.

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MILITARY

FRANCE

FOUR UNITS MAKE UP NAVAL RESERVE GROUP

Paris COLS BLEUS in French No 1736 18 Dec 82 p 19

[Article by Battalion Chief Chappuis: "Brest: Naval Reinforcement Units"]

[Excerpts] A few weeks ago, Reinforcement Unit 23 [UR 23], made up of French Army reservists and placed at the disposal of the maritime prefect of the Second Maritime Region, returned to the field.

A total of 145 reservists, all from the region, took up positions close to home where they have a very specific mission of external defense, in close cooperation with the sailors charged with internal defense. All of them are familiar with the terrain, and the exercises constitute a repeat performance, a constant test of their skills. Under the command of a small operational general staff, three other units--UR 21, UR 22, and UR 24--have similar responsibilities in other places and are training regularly to implement them. These four units constitute the Naval Reinforcement Units Group.

While the personnel of the group are overseen by the 31st DMT [Territorial Military Division], their materiel and logistical support is provided by the Navy. Unique in its class, this reinforcement units group is the fruit of the close and constant cooperation between the French Navy and Army, both active and reserve branches. To participate, complete familiarity with the terrain and military skills updated by training periods are necessary.

Thus, UR 23 has once again tested its reflexes for 3 days running beginning with the command function involving the men, passing through target practice with the different weapons assigned, then the training in helicopter-borne operations, and exercises in the field. Finally, there was the briefing at which each member of the unit gave his advice, made his contribution. There was also the common mess for the entire corps, with all the cadres together. Even though the unit's members are back in civilian life, they have come to know each other and in a few months...it will be necessary to review the organization of such or such a section, review the constant problem of personnel, of replacing men in the rank and file or some of the cadres. There too, some turnover is involved. Indeed, in a few months it will be the turn of UR 21 or others, according to this strict program. Thus, all the units follow this program to serve their country in the context of their mission.

MILITARY

FRANCE

NEW SHIPS JOIN NAVAL FLEET IN FALL 1982

Paris LA NOUVELLE REVUE MARITIME in French Nov 82 p 111

[Text] New Ships

The L 9032, the "Dumont d'Urville," the third in the series of light transport craft (BATRAL) of the "Champlain" class, was outfitted for tests on 16 September 1982 at the Grand Quevilly shipyards near Rouen.

The French Navy recently chartered for a year the merchant navy's tanker "Port-Vendres" belonging to the SOFLUMAR shipping company.

After undergoing alterations at the Brest naval dockyard to enable the vessel to make piped fuel deliveries at sea, it arrived in Toulon on 6 November where it was equipped with a tandem fuel supply line. The civilian crew of the "Port-Vendres" then began its training. The craft's arrival in the Mediterranean significantly improves the situation of the squadron which had only one tanker-supply vessel, the "Meuse," the "Isere" being loaned for duty in the Indian Ocean while the "Durance" remained in the Atlantic. At the close of 1982 the French Navy will receive the "Var" to replace the "Charente" as the flagship in the Atlantic, but only after 1986 will it take delivery of the fourth tanker-supply vessel in the naval program. This is the first time that a merchant navy tanker has been chartered in this way by the French Navy whereas such a practice is common in several other navies, notably, in the U.S. Navy (the Sealift Command) and Britain's Royal Navy. This practice could be extended if it proves satisfactory.

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MILITARY

FRANCE

MOVEMENTS OF SUBMARINES, LOGISTICS SHIPS IN FALL 1982

Paris LA NOUVELLE REVUE MARITIME in French Nov 82 pp 110, 111

[Text] Movements as of 31 October 1982

In the context of exchanges between the French Navy and that of the Federal Republic of Germany, the [French] minesweeper "Clio" was included in the German minesweepers' squadron in the second half of September 1982.

The aviso-escort vessel "Enseigne Henry" left Noumea on 23 September for a show-the-flag visit in the Far East. It called at Guam from 1 to 5 October, at Balikpapan, Indonesia, from 11 to 15 October, and at Pusan, South Korea, where it arrived on 28 October. The other calls on this tour will take the "Enseigne Henry" to Japan (Hakodate, 4 to 9 November); Yokosuka (11 to 17 November). Its return to Papeete [Tahiti, French Oceania] is anticipated for 4 December 1982.

The logistical support vessel "Rhin" left Toulon on 10 October for a tour in the Indian Ocean. It arrived in Djibouti on 22 October. It had been preceded by the aviso "Quartier-Maitre Anquetil." The latter replaced the aviso-escort vessel "Commandant Bourdais," which returned to metropolitan France for major careening.

The attack submarine "La Praya" arrived in Djibouti on 12 October for a 5-month show-the-flag tour in the Indian Ocean. It had left Toulon on 28 September. The lighter "Criquet," after visiting the various anchorages in the maritime zone of the Indian Ocean, returned to Toulon on 14 October.

Several vessels effected a show-the-flag mission off the coast of Lebanon during the painful events in that country. Other craft first transported to Lebanon and then repatriated from it to metropolitan France French armed forces personnel participating in the intervention force and then subsequently carried our paratroopers, whose presence was sought by the Lebanese Government, to Beirut.

The following vessels spent time in Lebanon:

- The aircraft-carrier "Foch";
- The frigate missile-launcher "Duquesne";

--The antisubmarine corvettes "Georges Leygues," "Montcalm," and "Dupleix";
--The squadron escort vessel "D'Estrees";
--The aviso "Premier Maitre l'Her";
--The landing craft transport "Orage" with two EDIC [infantry and tank landing craft] in its hold;
--The LST [tank landing ships] "Argens" and "Dives";
--The command vessel "Rance"; and
--The tanker-supply vessel "Meuse".

At the end of October the corvette "Montcalm" was in Beirut once again.

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MILITARY

FRANCE

BRIEFS

SEPTEMBER, NOVEMBER 'ORAGE' ACTIVITIES--On 29 September 1982, after 3 weeks of classes at the Hourtin maritime training center, the day arrived for the sailing of the landing craft transport "Orage" for nothing less than a tour of the world, a unique experience which few draftees have witnessed. To begin with, we had to spend a month in Brest for rust-removal and chromium-plating duties and to become integrated in a crew already well blended by 2 months' duty in Lebanon this summer. On 2 November 1982 the "Orage" sailed for Cherbourg in order to join the remaining units of a veritable flotilla of eight craft ranging from the BSR [regional support craft] "Chamois" to the launch of the "Bel Espoir" and including a tugboat. Under the rays of a resplendent sun the French coastline became blurred. We were on the way to our first stop, Ponta Delgada, the capital of the Azores. [By sailors Bignon and Moulenc] [Excerpt] [Paris COLS BLEUS in French No 1735, 11 Dec 82 p 14] 2662

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MILITARY

SPAIN

SPAIN MAY OPT FOR U.S. DEFENSE ACCORD INSTEAD OF NATO

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 31 Dec 82 p 10

/Article by Adelbert Weinstein: "The Spanish Ally" /

/Text/ In matters defense Spain follows its own drummer. The socialist government in Madrid appears to think a bilateral defense pact with the United States more important than cooperation in NATO. In Brussels the Spanish Foreign Minister indicated that his country had reservations about military integration. The Alliance should show understanding for Spain's wish first of all to fully consider all the consequences that might arise from full membership.

This rather sibylline remark conceals rather more than an attempt to postpone a decision. The Spaniards had already drafted proposals on their active cooperation in NATO. The socialist government's predecessor started from the premise that the Spanish armed forces and the staffs to be established could be "integrated." Madrid's former representatives thought in terms of two new and major Atlantic command authorities. One of them was to be a zone of operations along the axle Balearic Isles-Gibraltar-Canaries. A Spanish general or admiral would have to be appointed supreme commander. He could be directly subordinated to General Rogers, Atlantic supremo in Europe. The command region itself was to be subdivided into three subordinate commands. The one of the greatest political importance for the Spaniards would have been that of Gibraltar. Madrid hoped that bilateral negotiations with Britain would result in an "Atlantic solution" satisfactory to both partners.

The second Spanish proposal concerned the establishment of a separate Spanish Atlantic Command, embracing the maritime region of northern Spain and the Bay of Biscay. Here also the Spaniards did not wish to negotiate a special role in the Alliance. All these proposals have been "frozen" since the change of government in Madrid. As they are based on a possible integration, they are unlikely in this form to once more become "negotiating material" in talks with NATO. The socialist government has indicated that it is more interested in cooperation attended by a flexible political scope. At the moment its intentions are clothed in remarks that admit of many interpretations.

The Spanish ally was far less ambiguous as regards his role as a bilateral treaty partner for the United States. The Spaniards wish to amend the agreement on reciprocal military assistance concluded with the United States on 2 July 1982. This

agreement, officially described as a friendship pact, remains to be ratified by parliament. It seems the Spaniards want to negotiate better financial terms.

It has been agreed so far that the United States will raise its financial contribution for the support of the Spanish armed forces, their development, training and modernization, to \$450 million per annum. Formerly the Americans paid \$115 million annually. As a counter consideration the Spaniards "delivered" the "use" of strategically important air bases, naval ports and supply facilities by the American forces. In principle this pact is to remain in force for another 5 years. However, the impression is gaining ground that the socialist government is unwilling to accept the price negotiated by its predecessor.

In effect until now (and at this time) is the following American-Spanish treaty: The Americans are permitted to station in Spain about 10,000 technical personnel, both military and civilian. The American soldiers or technicians and engineers are to be accommodated mainly in military facilities. The respective military air and naval bases as well as storage depots are always subordinated to a Spanish commander. The most important base is the Torrejon airfield near Madrid. Housed there are the 401st Tactical Air Squadron and the command of the 16th U.S. Air Fleet.

The Americans stationed their air tankers and parts of a tactical air unit in Saragossa. The Saragossa field is also a rotating base for American airmen to be trained in precision bombing at the Bardenas Reales facility. A small American unit is garrisoned in Moron near Madrid. That airfield is an "emergency facility."

Particularly important to the Americans is the Rota naval port. Rota means fortress, and the U.S. Navy has in fact made this naval base a naval fortress. The first American sailors and pilots arrived here in 1955. By 1957 the combined air and naval base was ready for operations. Spanish and American Marines assumed guard duties. Units of the Sixth U.S. Fleet are repaired in the docks. Currently Rota and its 300 meter long quay and docking facilities represents the most important base for the U.S. Mediterranean squadron. Furthermore, an almost 800 km long pipeline runs from Rota to the U.S. air bases.

All these operations were contractually backed by a treaty concluded in 1976. This ended in May 1982. The new draft treaty was agreed in July 1982. However, it will not take effect unless the Spanish Parliament approves it by 23 May 1983. Those familiar with the situation are convinced that the treaty partners will arrive at terms satisfactory to both sides. America is under pressure for reasons of strategy politically to strengthen and militarily extend its "hinterland" in Europe. The Spaniards, on the other hand, wish to obtain all the benefits arising from a combination of a special NATO membership and a firm bilateral partnership with the strongest Western military power.

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